MOYDOW MINES INTERNATIONAL INC.

Annual Information Form

For the year ended December 31, 2004

Moydow Mines International Inc.
Suite 1220, 20 Toronto Street
Toronto, Ontario M5C 2B8

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ITEM 3: CORPORATE STRUCTURE

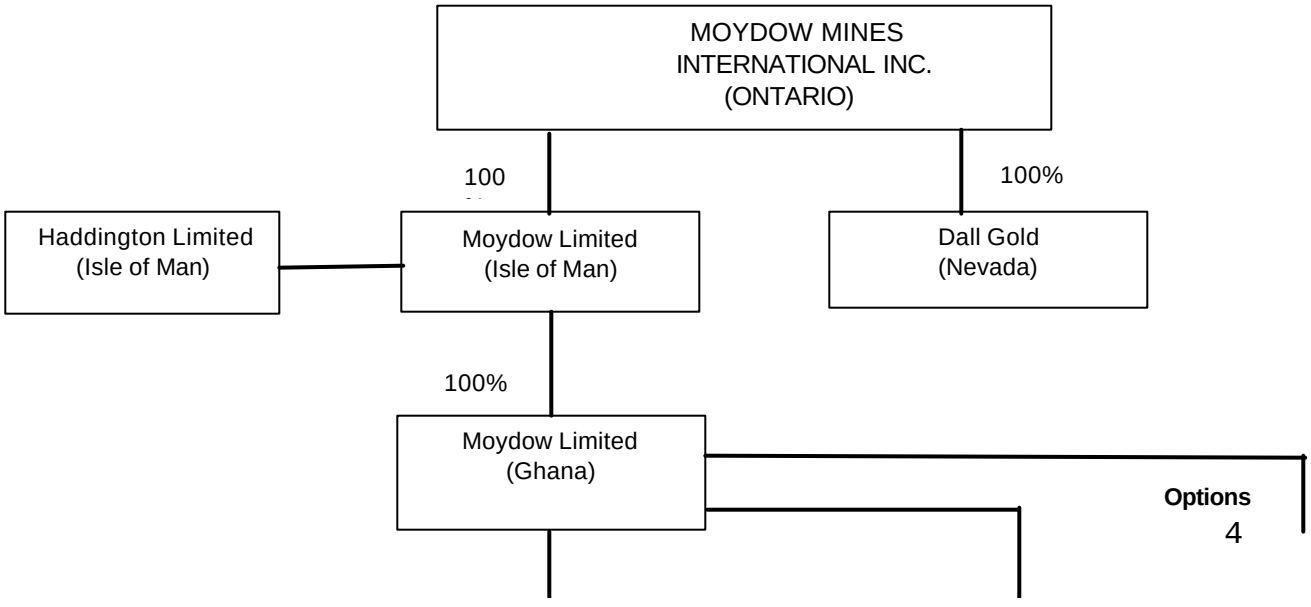
3.1 Name and Incorporation

Moydow Mines International Inc. (the "Company") was incorporated under the laws of the province of Alberta, Canada, by certificate of incorporation issued December 12, 1972, continued under the laws of the province of British Columbia on January 16, 1981 by certificate of incorporation and continued under the laws of the province of Ontario by articles of continuance effective on December 9, 1998. The Company's registered and head office is located at 20 Toronto Street, 12th Floor, Toronto, Ontario, M5C 2B8. The Company also has offices in Dublin, Ireland, in Accra, Ghana and in Gander, Newfoundland. The Company's outstanding common shares

trade on the Toronto Stock Exchange under the symbol "MOY"

3.2 Intercorporate Relationships

The following diagram sets forth the relationship of the Company including its material subsidiaries and associated companies (the Company together with such subsidiaries and associated companies is collectively referred to herein as the "Moydow Group"), including their jurisdictions of incorporation, and the percentage interests of the Moydow Group in its current material mineral properties:



Kanyankaw West, Dala & Okumpreko Properties (Africa)

Notes:

1. Shankill Limited (Isle of Man) ["Shankill (Isle of Man")] was incorporated under the laws of the Isle of Man on April 5, 2003. Shankill (Isle of Man)'s subsidiaries were created as follows:
* Shankill Limited (Ghana) ["Shankill (Ghana)"]: incorporated on August 7, 2003;
2. Haddington Limited (Isle of Man) was incorporated under the laws of the Isle of Man on May 7, 2003.
3. The Company holds a joint venture interest in the Kanyankaw gold property with Antubia Resources Limited ("Antubia"), a subsidiary of Glencar Mining plc ("Glencar"). See "Description of Properties - Kanyankaw Property".
4. In 2004, Moydow signed an agreement with PW Limited to earn a majority interest in the Nyaduom and Kushea mining leases, known as the Okumpreko gold project. In early 2005, Moydow and its partner, Concord Minerals LLC entered into an agreement with Endiama, the Angolan state diamond mining company and Cimader, an Angolan company, to explore for alluvial diamonds on the Dala concession in Angola. Moydow can earn a 16.5% interest in the concession by spending $2.5 million by October 2007.
5. On December 9, 1998 the Company completed the acquisition (the "RTO Transaction") of all of the

outstanding shares and warrants of Moydow (Isle of Man) in consideration for shares and warrants of the Company and commenced its current business activities. In accordance with the terms of the RTO Transaction, the name of the Company was changed from Westley Mines International Inc. to its present name, the management of Moydow (Isle of Man) took over management of the Company and the outstanding common shares of the Company were consolidated on a 12 for 1 basis. The RTO Transaction resulted in the former shareholders of Moydow (Isle of Man) owning, immediately following the completion of such transaction, over 90% of the outstanding shares of the Company. Moydow (Isle of Man), which was incorporated under the laws of the Isle of Man on January 27, 1992, holds an interest in a gold mine and several exploration and development properties in Ghana.

ITEM 4: GENERAL DEVELOPMENT OF THE BUSINESS

Overview

The Company is engaged primarily in the acquisition, exploration and development of mineral properties. The Company has focused its exploration efforts in Africa and, in particular, the historical gold producing regions of Ghana (formerly the Gold Coast). The property portfolio currently includes interests in properties in Ghana – Kanyankaw, Hwidiem and Okumpreko, properties in Sierra Leone, Angola and Newfoundland.

4.1 History of the Moydow Group

The Chairman of the Board of the Company, Noel Kiernan, has over 20 years of experience in West Africa and is the Ghanaian Honourary Consul to Ireland. Mr Kiernan was the original applicant for the property now known as the Teberebie gold mine located in Ghana and, as managing director of the project, brought the mine through feasibility and into production. The Teberebie gold mine has produced over one million ounces of gold since it commenced production in the early 1990's and is now owned and operated by Ashanti Goldfields Co. Ltd. Noel Kiernan is also the Chairman of Pontil Minerex Limited, a drilling company which is active in West Africa and from time to time provides drilling and other services to the Moydow Group.

In March 1989, Noel Kiernan formed Moydow (Ghana) to acquire the Kanyankaw property, which was subsequently the subject of an agreement with Glencar. Brian Kiernan joined the management of the Moydow Group in 1993, as Chief Executivr Officer of Moydow (Isle of Man), and Joseph Breen joined as Chief Operating Officer of Moydow (Isle of Man) in 1996 after three years of consulting for Moydow (Isle of Man).

Moydow (Isle of Man) began operations in June 1994 with the acquisition of a 42% interest in Wassa Holdings, which held a 90% interest in Satellite, which held a 100% interest in the Wassa Property. Over the next three years, Moydow (Isle of Man)'s interest in Wassa Holdings was diluted to 34%; the remaining 66% of Wassa Holdings is held by Antubia, a subsidiary of Glencar. Satellite holds a 30-year gold mining lease for the Wassa Property, which expires in the year 2022.

Moydow (Isle of Man)'s interest in the Ntotoroso Property was obtained in September 1996 with the acquisition of Moydow (Ghana) from Noel Kiernan, then Chairman of the Company. Moydow (Ghana) held the property indirectly through its 60% ownership of Rank. Pursuant to an October 1997 agreement, Normandy LaSource, a subdiary of Normandy Mining Limited, held 40% through their commitment to fund $2.5 million of exploration expenditures by June 30, 1999, which was achieved. Normandy LaSource increased its ownership through its $4 million funding of further exploration expenditures and holds a 50% beneficial interest in Rank. In early 2002, Newmont Mining Corporation acquired Normandy Mining Limited.

Moydow (Isle of Man)'s interest in the Kanyankaw prospecting licence was obtained in September 1996 with the acquisition of Moydow (Ghana) from Noel Kiernan, a related party. Moydow (Ghana) held the licence as a joint venture with Antubia. Currently, the partners have agreed to split the property into two parcels and application for the property split was approved by the Ghanaian Minerals Commission.

West Africa has a long history of mineral production that dates back to the 10th century A.D. and possibly as early as the 5th century B.C. A significant gold trade began with overland transportation to North Africa and the middle east in the 12th and 13th centuries. As European

economies grew and the great marine explorers of the 15th century took to the seas, French, Dutch, English and Portuguese merchants launched aggressive trading activities between Europe and West Africa. Gold was the most valuable commodity in this lucrative trade.

In the 18th and 19th centuries, the region was colonized and the "Gold Coast" was carved into dependencies of Portugal, England, and France. France colonized most of the region covering Senegal, Guinea, Cote d'Ivoire, Mali, Dahomey and Niger. England became the protector of Sierra Leone, Ghana, Upper Volta and Nigeria. The early history of Ghana and Mali is somewhat entwined because the tribes of this region were nomadic. Ghana appears to have been the principal source of West African gold and Mali a subsidiary source and main route for gold that found its way to North America, Europe and the Middle East in the 13th and 14th centuries. The first record of gold from the region is connected with an account that Emperor Cainca Moussa brought four tons of gold to Mecca on a pilgrimage in 1433.

Mineral Rights in Ghana

Under the constitution and the mining laws of Ghana, all minerals in Ghana in their natural state are the property of the state and title to them is vested in the President on behalf of and in trust for the people of Ghana, with rights of prospecting, recovery and associated land usage granted by the state under licences or leases. Three types of tenure are granted as a company progresses through the reconnaissance, exploration, development and production phases: a reconnaissance licence, a prospecting licence and a mining lease. In addition, a licence is required for the export or disposal of minerals and the government has a pre-emptive right over all minerals produced. Activities such as the diversion of water require separate licences or consents. A rental fee is payable to the government in respect of licences and leases.

A reconnaissance licence permits the holder to carry out geophysical, geochemical and photo-geological surveys, but not drilling, excavation or subsurface activities. They are granted for a period of up to twelve months and may be renewed, provided the renewal application is made at least three months prior to the expiration of the licence and the government determines that the renewal is

in the public interest. While a reconnaissance licence is not necessary in order to secure a prospecting licence, it does grant the holder with the exclusive right to obtain a prospecting licence in respect of the lands/minerals.

A prospecting licence permits the holder to carry out both reconnaissance work and surface excavation and drilling work, including trenching. Prospecting licences are granted for a period of up to three years and may be renewed for additional periods of two years, provided the renewal application is made at least three months prior to the expiration of the licence and the government determines that the renewal is in the public interest. Upon the renewal of a prospecting licence, the area covered by the initial licence may be reduced by one-half of the area covered by the previous licence. The licence holder is able to select the areas to be eliminated upon renewal. If a licence holder fails to expend any monies that the holder designated in its program for exploration under the prospecting licence, then such non-expended monies will become a debt due to the Republic of Ghana.

A mining lease grants rights to take all reasonable measures on or under the surface to mine the mineral to which the mining lease relates, to erect necessary equipment, plant and buildings, to prospect within the mining area and to stack or dump mineral waste in an approved manner. A mining lease may only be obtained by the holder of a prospecting licence who has given notice to the government that a mineral covered by the terms of the licence exists in commercial quantities, provided the proposed development plan ensures that mining operations will be carried on in an efficient and environmentally safe manner. The application for the mining lease must be made within three months of such notice. A mining lease may also be obtained on request by persons who do not hold a relevant prospecting licence over an area, but such grants are discretionary.

A mining lease normally is valid for 30 years although the Ghanaian Government may, where it considers that it is in the national interest to exceed this time limit, direct that the grant of a mining lease exceed 30 years. A mining lease may be renewed for an additional period of 30 years provided that the renewal application is made no later than one year before expiry of the initial lease. Persons proposing to undertake the mining and processing

of minerals are required to register the undertaking with the Environmental Protection Agency (the "EPA") and obtain an environmental permit prior to commencing this undertaking. Additionally, no person may commence activities in respect of the undertaking which, in the opinion of the EPA, has, or is likely to have an adverse effect on the environment or public health unless, prior to the commencement, the undertaking has been registered with the EPA and an environmental permit has been issued by the EPA in respect of the undertaking. An environmental impact assessment ("EIA") is required to be submitted to the EPA prior to issuance by the EPA of any environmental permit where the undertaking is the mining and processing of minerals in areas where the mining lease covers a total area in excess of 10 hectares. The grant of a mining lease takes place upon approval of the EIA. A holder of a mining lease is obliged to commence commercial production on the date specified in a program which it has submitted to the government and to develop/mine the mineral in accordance with such programs.

The EPA is required to hold a public hearing in respect of an application for an environmental permit where there is material adverse public reaction to the commencement of the proposed undertaking, where the undertaking will involve dislocation, relocation or resettlement of communities, or where the undertaking could have extensive and far reaching effects on the environment. Where an EIA is ultimately found to be acceptable to the EPA, the environmental permit will be required to be issued to the applicant. The permit is valid for 18 months from the date of issuance. Failure to commence operations of the undertaking within that time renders the permit invalid and the applicant is required to resubmit an application to the EPA and provide reasons for the new application.

After commencement of mining operations, the applicant is required to apply for an environmental certificate that may be issued subject to terms and conditions. A certificate may not be issued by the EPA until the person responsible for the certificate application has submitted to the EPA evidence or confirmation of actual commencement of operations, acquisition of other permits and approvals where required and compliance with mitigation commitments indicated in the EIA or preliminary environmental report.

A mineral right or interest may not be transferred, assigned or otherwise dealt with in any other manner without the Minister of Energy and Mines' prior written approval. Also, a company holding, directly or indirectly, a mining lease in Ghana must obtain the written consent of the Minister of Energy and Mines before it undertakes any action which would result in a change of control of such holder. The Ghanaian government must be advised of all changes in "significant shareholders" of such a company, as well, which refers to shareholders holding 5% or more of the voting rights thereof.

The Minister of Energy and Mines has the power to negotiate, grant, revoke, suspend or renew any mineral right, subject to a power of disallowance exercisable within 30 days of such grant, revocation, suspension or renewal by the cabinet. The powers of the Ministry of Energy and Mines are to be exercised on the advice of the Minerals Commission, which is responsible for regulating and managing the utilization of mineral material and coordinating policies relating to them. The grant of a mining lease by the Ministry of Energy and Mines is subject to parliamentary ratification.

The Ghanaian government holds, as of right and without payment of any compensation, a 10% interest in all mineral rights in Ghana. The government has the option to acquire a further 20% interest where any mineral is discovered in commercial quantities on terms agreed between the government and the holder of the mining lease or, failing such agreement, on terms established through arbitration. The government normally secures its 10% interest upon the grant of a mining lease through a special class of shares in the company holding the lease, which are typically non-assessable shares entitling the holder to 10% of any dividends distributed by the holder. The Ghanaian government is also entitled to a royalty of 3% to 12% of mineral sales after direct expenses. Companies are required to make a payment on account of every quarter based on a 3% rate. At the end of each year, companies are required to compute the actual royalty due on the basis of the profitability of the mine and to make any further payment that may arise from the computation. The specific royalty rate is determined by discussion with the Minister of Mines at the time of

commencement of feasibility studies and commencement of production.

Furthermore, the government may, if it so desires, acquire a "special share" in a company holding, directly or indirectly, a mining lease in Ghana, which would result in such company having to obtain the government's approval for: any amendment to the regulations of the company that would have the effect of making a person control of the company; the voluntary liquidation of the company; or the disposal of any mining lease or the whole or a material part of the company's assets. Control is considered a person who either directly or indirectly directs the affairs of the mining company or controls at least 20% of the voting power of the company, either alone or with an associate or associates. The issuance of a "special share" may, at the government's option, be for no consideration or at such consideration as the government and the mining company may agree.

ITEM 5: DESCRIPTION OF THE BUSINESS

5.1 General

Moydow Minerals International Inc. (Moydow or the Company) is a natural resource company engaged in the acquisition, exploration, and development of mineral properties. The company is currently involved in four gold projects, one bauxite project, and one diamond project.

5.2 Material Properties

Hwidiem Property

1. Project Description and Location

Project area

The Hwidiem Property is located 280 km northwest of Accra, the capital of Ghana, Western Africa. The property consists of one prospecting license (the License) of 22.52km^2 in the Asutifi District, Brong Ahafo Region.

Title and Obligations

Moydow Limited, a company incorporated under the laws of Ghana and 100% owned indirect subsidiary of the Company,

applied for a two-year prospecting license on 1 October 1997 at the Minerals Commission of Ghana. Following publication of the application, the Asutifi District Assembly certified that no objections had been raised. The Minister for Energy and Mines granted the prospecting license 13425/2000 a year later on 18 August 2000 for a period of two years.

The corner coordinates of the Hwidiem prospecting license are:

Coordinates of the Pillars		
Pillar No.	Latitude	Longitude
1	7° 00' 00"	2° 20' 00"
2	6° 55' 00"	2° 20' 00"
2A	6° 54' 30"	2° 20' 30"
3	6° 54' 30"	2° 22' 31"
4	6° 56' 20"	2° 22' 31"
5	5° 56' 20"	2° 20' 56"
6	6° 58' 28"	2° 20' 56"
7	6° 58' 28"	2° 20' 06"
8	7° 00' 00"	2° 20' 06"

Moydow Limited transferred the License to Shankill Resources Limited (Shankill) on 2 October 2003. Shankill is a 100% owned indirect subsidiary of Moydow Mines International Inc.

An application for renewal of the license was submitted to the Minerals Commission on 16 August 2004. Renewal has not been granted yet as the Hwidiem Traditional Council objects to exploration and mining activity. The Minerals Commission and Ministry of Mines are being consulted on this matter. The Minerals Commission in March this year indicated that it would arrange a meeting with the Traditional Council. No date has been fixed yet.

Environmental liabilities and Permits

The Company is not aware of any environmental issues, which – without proper care - could create a liability for the Company. The Company has no reason to believe that necessary permits, once applied for, will not been granted.

The Minister of Energy and Mines directed on 25 April 2000 that reconnaissance and prospecting undertakings have to be registered with the Environmental Protection Agency (EPA) and that a permit by the Agency has to be given before any activity or operation commences.

The Company applied for such a permit. This has not been issued yet. It was assured that there is no reason for not issuing the permit other than that the EPA handles the application in conjunction with the application for an environmental permit for the Kanyankaw Property, which was submitted by the Company at the same time.

No other permits are required.

2. Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility and Infrastructure

Kotoka Airport at Accra has scheduled international flights. The Company maintains a house in Accra that functions as guesthouse and office.

From Accra, vehicular access to Hwidiem is on paved roads via Kumasi and Bekyem. The road from Bekyem to Goaso crosses the licence area. The road distance from Accra is approximately 350 km.

The village of Hwidiem is within the license area. Some dirt roads provide access to various parts of the license area.

Rank Mining Company (Rank) had an exploration camp near Ntotoroso, about 15 km north of Hwidiem. Presently, Newmont Mining Corporation (Newmont) is developing a gold mine at Ntotoroso. The Nttooroso concession borders the Hwidiem licence on the west.

Local Resources

Villages abound in the area surrounding the licence. The closest town for basic supplies is Sunyani about 50 km north of Hwidiem.

Surface water is abundant in the Tano River that cuts the southwesterly corner of the licence.

Competent and experienced personnel and contractors for exploration and drilling can be found in Ghana. Skilled and unskilled labourers are readily available from towns or from nearby villages.

Climate

The licence area falls within the wet semi-equatorial zone in Ghana. It is characterised by an annual double maxima rainfall pattern occurring in the months May to July and September to October. The mean annual rainfall for the license area is 1350-1400 mm. The major rainy season typically extends from late March to the end of July. Typically, minimal rainfall is from December to the end of February, with January the driest month.

Mean monthly temperatures range from 24 to 28°C. In general, March is the hottest month of the year and August the coolest. The mean humidity ranges from 80 to 98% at 6 a.m. and from 34 to 73% at 3 p.m.

Work can be done year-round, although certain activities have to be curtailed during heavy rains.

Physiography

The licence area is characterised by gently undulating topography with elevations ranging from approximately 175m at the Tano River to 225m at what appears to be remnants of an older valley floor. This valley is about 15 km wide at Hwidiem and widens to the north. The northern part, representing about 30% of the licence area is a flat and swampy area. Drainage is by creeks that flow southeasterly towards the Tano River. The meandering Tano River flows southerly along the eastern edge and through the southwestern corner of the licence

The primary vegetation of the license area is heavily degraded due to agricultural and logging activities. Presently, vegetation in the area is dominated by farming, principally cocoa. Areas are covered by cane grass and secondary forest can be found along the Tano River. Little wildlife still inhabits the area.

3. History

When Rank, which was a 50/50 joint venture between Moydow and Normandy Mining Limited, was successful with the exploration of the Ntotoroso Concession, it applied for

prospecting licences for areas nearby. This was to follow up on potential continuations of the gold mineralization at Ntotoroso. The Company acquired the Yamfo SW and the Hwidiem Licenses. The Yamfo Licence was dropped because of unfavourable geochemical survey results; the Hwidiem Licence was retained. The Company is not aware of any previous exploration on the Hwidiem licence.

4. Geological Setting

Regional Geology

The Dixcove granite complex – a series of granodiorites and diorites – dominates the license area. Small areas occur with Birimian basalt in the northern part of the License and gabbro just north of Hwidiem village.

Local Geology

Bedrock is poorly exposed in the license area. Most of twenty-five outcrops consist of hornblende granitoids (diorite and diorite-gabbro in the northern part and quartz diorite and granodiorite in the centre and southern parts of the License); a few consist of amphibolite (eastern and southern parts). Fields of quartz fragments and float are common.

5. Exploration

Exploration work

The Company started surveying and cutting a 10.4km baseline at the end of February 2000. Subsequently, cross lines at 400m spacing were cut covering the entire license. Line cutting was finished early April; execution of a geochemical soil sampling program took the rest of April 2000. On these lines, 1219 samples were collected at 50m intervals. In May 2000, in a 1.6 by 1.6 km area in the south-western part of the License, lines were cut in between existing lines to a spacing of 100m and another 968 samples were collected on these lines and in between previous sampling points to a spacing of 25 metres.

All soil samples were collected from a depth of 50cm and each weighed approximately 500g. Samples were sent to SGS in Tarkwa for analysis. Analysis was done – after drying, crushing, pulverizing, and splitting – on 50g

samples that were fluxed and fused in a furnace for one hour. The lead button is cupelled and the prill digested in aqua regia for determination of gold with atomic absorption. The detection limit is 10ppb. Infill samples were analysed to a lower detection level of 2ppb (using DIBK and AAS).

A site description was made for all soil samples and a theodolite survey of the grid was done. A regolith map was generated from the recorded data to facilitate the separation of the soil analyses into discreet populations based on geomorphology and soil type.

The work was done by and under direction of Moydow geologists Dr. Yuriy Deriouguine, Victor Litvinov, and John Barry.

Results
Of the 2178 soil samples, only eight returned gold values above 100ppb. The background (average) level in lateritic/sandy soils was 17ppb and in alluvial soils 10ppb. If the data represent a single population with a normal distribution then minimum low-level anomalous thresholds of 113ppb and 25ppb would be expected in the respective soil types, based on one standard deviation above the mean.

Statistically it is not possible to pick out significant anomalies. There are a few contours with grades in soil slightly above the background and a few scattered point anomalies.

6. Mineralization

No bedrock information exists at this time to describe gold mineralization. However, it is expected that gold mineralization on the Hwidiem License - if there is any - is similar to that found on the Ntotoroso property that has been explored by Moydow and where Newmont is in the process of developing a gold mine.

7. Drilling

The Company has done no drilling on the leases yet. Drilling is planned once the license renewal has been completed.

8. Sampling and Analysis

The geochemical soil sampling program was done following standard procedures. See section 5 for details.

9. Security of Samples

The geologists Dr. Yuriy Deriouguine, Victor Litvinov, and John Barry supervised the handling of all samples.

10. Mineral Resource and Mineral Reserve Estimates

No resource estimates have been made yet.

11. Mining Operations

No hard rock mining operations have been done or are planned yet.

12. Explorations and Development

A drilling program of some 100 RAB holes has been planned to start as soon as the prospecting license has been renewed. The holes will be drilled in areas where higher gold grades were found.

Okumpreko Property

2. Project Description and Location

Project area
The Okumpreko Property is located approximately 150 km west of Accra, the capital of Ghana in Western Africa. The property consists of two adjoining mining leases that combined cover approximately 93 km2 in the Asahanti and Central Region of Ghana.

Title and Obligations

The rights to mine both leases were by the Government of the Republic of Ghana conferred to the Okumpreko Mining Company Limited on 1 June 1990. The leases have a duration lasting thirty years. Therefore, the leases will terminate in May 2020. The concessions have Land Registry Nos. 1184/1990 and 1185/1990.

Boundary of the Nyaduom Mining Lease (Land Registry No. 1184/1990).

Starting at the easternmost corner, common with the northernmost corner of the Kushea Mining Lease.

Corner Numbers		Distance		Bearing
From	To	(feet)	(meter)	
1	2	8250	2514.60	224-30
2	3	8800	2682.24	308-00
3	4	7300	2225.04	257-30
4	5	8600	2621.28	257-30
5	6	7300	2225.04	295-30
6	7	7300	2225.04	270-00
7	8	8100	2468.88	270-00
8	9	10700	3261.36	249-00
9	10	2800	853.44	347-00
10	11	5750	1752.60	17-00
11	12	3850	1173.48	57-00
12	13	10750	3276.60	88-00
13	14	13000	3962.40	88-00
14	15	13000	3962.40	88-00
15	16	2800	853.44	360-00
16	17	14500	4419.60	97-00
17	1	8500	2590.80	143-00

Boundary of the Kushea Mining Lease (Land Registry No. 1185/1990)

Starting at the northernmost corner, common with the easternmost corner of the Nyaduom Mining Lease.

Corner Numbers		Distance		Bearing
From	To	(feet)	(meter)	
1	2	14750	4495.80	148-00
2	3	14000	4267.20	96-00
3	4	9500	2895.60	190-00
4	5	5250	1600.20	244-00
5	6	7000	2133.60	268-00
6	7	11000	3352.80	307-30
7	8	9800	2987.04	267-00
8	9	13600	4145.28	194-30
9	10	4500	1371.60	280-00
10	11	14000	4267.20	16-30
11	12	5100	1554.48	352-30
12	13	7700	2346.96	64-00
13	14	6200	1889.76	43-00
14	15	2250	685.80	308-00
15	1	8250	2514.60	44-00

Environmental liabilities

Paragraph 9(b) of the Mining Lease: “The company shall adopt all necessary and practical precautionary measures to prevent undue pollution of rivers and other potable water and to ensure harm or destruction to human or animal life or fresh water fish or vegetation.”

Mineralization

Artisan mining of alluvial gold has been done along the rivers and is presently being done along the Ofin River upstream from the Ofin and Pra confluence. Moydow,

however, focuses on the hard rock gold potential. For a detailed description, see sections 6 and 10 below.

Permits

No other permits then the Mining Leases are required. Nevertheless, local chiefs are informed of impending activities on land under their control and any adverse effects and possible remedies are discussed.

2. Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility and Infrastructure

Kotoka Airport at Accra has scheduled international flights. The Company maintains a house in Accra that functions as guesthouse and office.

The leases straddle the Ofin and Pra Rivers. The Company maintains the Kumananta exploration camp at the southwest side of the Pra and Ofin confluence.

From Accra, vehicular access to the exploration camp is from the coastal Accra – Takoradi road, either from the west via Dunkwa on the road to Kumasi, or from the east via Twifo Praso or Foso. The road distance from Accra is approximately 250 km.

Access from the exploration camp to the north side of the rivers is by bridges at Dunkwa or at Assin Praso (north of Foso) or is by canoe. Apart from the sparse network of gravel roads, access is by walking tracks.

Infrastructure

The Pra and Ofin Rivers form the boundary between the Asahanti and Central Region. The Ashanti portion of the leases belongs to the governing districts of Adansi East and Adansi West (capitals New Edubia and Obuasi respectively). The Central Region portion of the leases belongs to the governing districts of Upper Denkyere, Lower Denkyere, and Assin (capitals Dunkwa, Jukwa and Foso respectively).

Three tribal groups inhabit the lease area. Ashantis inhabit the areas north of the rivers. Denkyeres inhabit all but the eastern quarter if the Nyaduom lease and the Assins inhabit the balance of the area. The indigenous

people engage in subsidence and cash crop farming, artisan small-scale mining when the river flood stage is low, and timber extraction.

Local Resources

Villages abound in the area. The closest town for basic supplies is Dunkwa about 20km from the camp. Kumasi approximately 100km to the north is a major town.

Surface water is abundant in the rivers. Power is generated on site with a 50 KVA diesel generator.

Competent and experienced personnel and contractors for exploration and drilling can be found in Ghana. Skilled and unskilled labourers are readily available from towns or from nearby villages.

Climate

The climate as in most of southwestern Ghana is characterized by wet tropical rain forests. Daily temperatures range annually from a maximum of 24 to 32°C to a minimum of 19 to 28°C. Annual precipitation averages 150 cm and is distributed over two wet and two dry periods. The main wet period occurs between March and July. Rain events during the wet period are frequent and of long duration. The main wet period is followed by a short dry season in August and early September. The minor wet period begins mid September and peaks late October or early November. The major dry period from November to late February/early March results from the dry Hamattan wind blowing south from the Sahara.

Work can be done year-round, although certain activities have to be curtailed during heavy rains.

Physiography

The Concession has a moderately steep rolling hill type topography. The terrain has typically a relief of approximately twenty meters. A prominent 400m hill just north of the leases at Nyaduom is the only local feature rising above the rolling terrain. The current Ofin and Pra River beds are ninety meters above mean sea level and these rivers have cut steep side channels averaging twelve to fifteen meters deep into the rolling terrain.

Drainage is dominated by the easterly draining Ofin River on the west side of the property, mostly in the Nyaduom lease. This section of the Ofin River resembles a young peneplain with the river meandering within a narrow regional channel feature. This feature is a major gap in the range of hills associated with the Ashanti Belt (a.k.a. the Konongo-Axim geologic trend). The Ofin meanders are locally controlled by basement structures.

The Pra River drains most of the Kushea lease. Upstream from the confluence with the Ofin, the drainage of the westerly flowing Pra River is a moderately developed peneplain with deep channel boundaries less distinctive. The drainage of the southerly flowing Pra River below the confluence is a mixture of the Ofin and Pra drainage features.

Vegetation in the area is a mixture of forest and farming. Occasional stands of secondary forest do exist north of the Ofin and Pra Rivers where access is more restricted. South and west of the rivers almost all mature trees have been harvested. The nearest forest reserve is the Nkrabia Forest Reserve north of Nyaduom. The leases do not have any forest reserve access problems.

Farmers practice a mixture of subsidence and cash crop farming. Subsidence farms grow rice, plantain, maize, and cassava. Cash crops include cocoa, oil palm, and sunflowers, with cocoa farming dominating.

Little wildlife still inhabits the area. Some residents regularly fish the rivers with nets.

3. History

The Okumpreko Mining Company Limited (“Okumpreko”) and its antecedents have explored the Kushea and Nyaduom leases since at least 1936. Until recently virtually all exploration activities were directed towards developing known alluvial deposits adjacent to the Ofin River. Gold Coast performed the first recorded and most thorough alluvial exploration work in 1936 and 1937. SGMC updated the Gold Coast feasibility evaluation in 1974 and 1975 after the gold price started to rise. SGMC did not upgrade its evaluation. Both the Gold Coast study and the SGMC study assumed dredge type alluvial mining. In 1988 and 1989, Dana Exploration Plc (Dana), a part of

Europa Minerals Group Plc, explored the alluvial mining potential along the Ofin River. Dana's exploration campaign assumed a dry type or shore based mining scheme. Dana secured the current mining lease as a result of their exploration work.

Little effort was devoted to explore for alternative gold sources until P.W. Ltd. became the operator. The search for hard rock gold deposits began in 1997 when Robertson Research Limited (Robertson) conducted a geochemical soil sampling program near Okumpreko's camp at Kumananta. Robertson conducted a follow-up program, Phase II; and geologists from the University of Science and Technology School of Mines conducted Phase III. Robertson also conducted a Phase IV program. The work identified a geochemical anomaly - the Kumananta anomaly. The anomaly appeared to be weak and subsequent work did not produce encouraging results.

In late 1998, a new area was explored across the river from the Kumananta camp. This geochemical soil sampling program was conducted by a successor group of Robinson, known as GeoCoS. The program identified two isolated groupings of anomalous values. These anomalies were not as strong as the Kumananta anomaly. Follow-up investigations were foregone in favour of exploring other areas of the concession. As 1998 closed, 20% of the leases were explored with disappointing or questionable targets.

The 1999 Okumpreko exploration program was done in the remaining 80% of the mining lease. This effort also tested the economic potential of terrace alluvium at two likely areas because of the apparent intense historical activity by artisinal miners. Two easily accessible areas with numerous "Ashanti" pits were located and tested – one near Kumananta and one near Foso

Bedrock Exploration

Bedrock exploration performed on the combined Kushea-Nyaduom leases includes amassing the available information about the area, collecting soil samples, collecting MMI samples, and trenching to expose anomalies for closer inspection. Existing information was secured from Resource Service Group (RSG), High-Sense Geophysics Ltd. (High-Sense), and Watson Geophysics Ltd. (Watson).

RSG had amassed most of the available public information and coordinated that information into a coherent format. High-Sense, owns airborne geophysical data for the western part of Ghana, including the Nyaduom lease. Relevant data was purchased from High-Sense and processed by Watson. These geophysical data and maps confirmed and enhanced the information acquired from RSG. Soil sampling is a preliminary exploration technique which when combined with other information like geophysics allows rapid elimination of unprospective ground. MMI refines the focus of anomalies identified by traditional soil sampling. Trenching provides an inexpensive means of confirming soil anomalies.

Geochemical Soil Sampling

Geochemical sampling has proven an effective exploration tool for sorting through large areas to target gold deposits. Important elements of a geochemical survey are the sampling procedure, the analysis technique, and the sampling density. Each survey group used similar sampling procedure but each procedure merits a brief description. Robertson and GeoCoS employed SGS Laboratories Limited (SGS) to analyse geochemical samples. The 1999 Okumpreko campaign employed ITS Bondar Clegg (Ghana) Limited, Performance Laboratories (Ghana) Limited (Performance), and Transworld Laboratories Ghana Limited (Transworld) to analyse samples. Several sampling densities have been utilised. Regional surveying by Robertson sampled at twenty-five meter intervals on lines spaced at two hundred fifty meter intervals. This represents a sample density of one sample for every 0.625 hectares. GeoCoS sampled at two hundred meter intervals on lines spaced two hundred meters apart. This represents a sample density of one sample for every four hectares. The 1999 Okumpreko campaign sampled along selected baselines at eighty meter intervals. This approach represents approximately a sample density of one sample for every five hectares. However, these samples have more significance because their position tested significant geologic features. Follow-up samples were collected along lines at forty meter spacing with line spaced one hundred sixty meters apart. Follow-up samples had a sample density of 0.64 hectares.

Regional geochemical sampling identified three anomalies worthy of further investigation. Follow-up geochemical sampling addressed all these anomalies. The first

anomaly was found near the Kumananta field camp. Robertson prepared three reports about this anomaly. The Kumananta anomaly was eventually trenched with lack lustre results. Another anomaly, called the Kwaduo-Nkrabia, lies between the Dunkwa-on Ofin road and the Ofin River east of Nyaduom. Follow-up geochemical sampling of the Kwaduo-Nkrabia anomaly barely confirmed the previous anomalous indications. The third anomaly straddles the Ofin River near Foso and continues into the neighbouring concessions north and south of the Nyaduom lease. This anomaly is called the Foso and appears related to the Kayeya Prospect on the concession north of the Nyaduom lease. The Foso anomaly improved with follow-up sampling. A third phase of geochemical sampling utilizing a new analytical technique "Mobile Metal Ion" (MMI). It is reputed that an MMI sampling campaign addressed portions of the Kayeya anomaly with some success. An MMI anomaly also exists over the Foso anomaly that suggests the potential an interesting resource within the Nyaduom mining lease.

Robinson Research Minerals Limited

Robertson sampling campaigns were described in reports issued in April 1997, November 1997, and July 1998. Robertson's used the same sampling, analytical techniques for all soil sampling work. Robertson collected 811 samples. Only sample spacing changed between programmes. Regional programmes took samples at twenty-five meter intervals with the interval between lines at 250 meters. Follow-up programmes took samples at twenty-five meter intervals as in the original programme but the line interval decreased to 125 meters. The Robertson sampling procedure and analysis were as follows. Soil samples were collected at depth varying from fifty to sixty centimeters. An oil palm axe (soso) dug the hole and loosened the material for retrieval. Approximately two kilograms of material was taken as a sample. The following information was recorded for each sample: traverse number, position on traverse, sample number (for laboratory and plotting purposes), depth of sample, simple geological description (e.g. laterite, gravel, soil, colour, etc.), slope at point of sampling, comments, and observations (e.g. stream valley, outcrop, etc.). Soil samples were collected in polythene bags. These samples were logged at camp, given a laboratory number, relabelled and taken in sacks to SGS in Tarkwa for drying and sieving to minus eighty mesh (80 mesh or 190 microns). Gold and arsenic determinations were

conducted on a pulverized fraction of the minus eighty-mesh material. Minus seventy-five micron fractions weighing 50 grams were digested with aqua regia. The results were determined by atomic absorption techniques. The detection limits for this procedure was two parts per billion (ppb) for gold and twenty ppb for arsenic.

Arsenic analyses often help segregate alluvial gold from lode gold. Robertson's work in this area demonstrated little or no correlation between arsenic concentrations and anomalous gold values. Robertson's work also demonstrated the threshold limit for anomalous values from normal background values. An anomalous concentration of gold exceeds 30 ppb and an anomalous concentration of arsenic exceeds 120 parts per million (ppm). These anomalous thresholds have not changed significantly since this early work.

GeoCoS

The GeoCoS sampling campaign was described in a report issued in December 1998. GeoCoS collected 369 samples. A similar procedure was adopted for the recovery of the samples as that used in the Robertson exploration phases. Two to three kilogram samples were collected from an approximate depth of sixty centimeters. Sample spacing for GeoCoS was at first a grid interval of 400 meters by 400 meters. Later the pattern was reduced to 200 meters by 200 meters. Samples were analysed by SGS at Tarkwa. SGS used the same preparation and analytical procedure described for Robertson. GeoCoS considered it important to use the same laboratory to improve continuity and standardization. Both gold and arsenic were again determined to a detection limit of respectively 2 ppb and 20 ppm.

University of Science & Technology

Jerry Kuma and Jerome Yendaw of the University of Science and Technology, School of Mines conducted a "soil sampling" survey in the area covered by Robertson's follow-up survey area. Their sampling campaign was described in a report issued in January 1998. This "soil survey" differs from all the other surveys both in techniques and results. Kuma & Yendaw collected 248 samples.

Though unintended, their work validates the sieving utilized by Robertson and GeoCoS. There is apparently enough residual coarse gold in the soils to cause

sporadic high or anomalous soil readings. This is exactly the reason for sieving the samples at the lab. Low or background readings do not experience the coarse gold effect. One third of all the samples were below detection and so unaffected by coarse. Samples possibly affected by coarse gold did not repeat when assayed a second time.

The sampling took place in the southwestern part of the Robertson sampling area. Rectangular pits approximately 150 centimeters by 300 centimeters were dug at 25 meter intervals. The pits were logged and the logs accompany their report. Samples were taken at thirty-centimeter intervals from the floor of the pit as digging progressed. The first sample was taken at sixty centimeters and the last at 90 centimeters. A duplicate sample was taken at each location. If favourable results were encountered then the duplicate would be forwarded to SGS. The primary sample weighed ten kilograms while the duplicate weighed two kilograms. The primary sample was initially panned on site but the results were disappointing. The procedure was changed and "professional galamseys" washed the primary samples on site with better results. None of the duplicate samples were sent to SGS, but fifteen of twenty-nine pits sampled had significant gold colours in three or more of the samples.

Leo Shield Exploration Ghana Limited
Leo Shield trespassed onto the Nyaduom lease when conducting a geochemical survey in 1997 and 1998. Mark Calderwood, the local representative of Leo Shield, freely provided a map of the location of trespassed samples and the results for those samples. The sampling procedures and analyses were not provided , however, Mark revealed that salient points of their procedures were quite similar to those used by all other investigators. It is known that approximately two-kilogram samples were collected and that the assay procedure was the same as the Robertson and GeoCoS samples. Leo Shield collected 140 samples.

Leo Shield has cooperated with Okumpreko on several occasions. Their cooperation has improved the possibilities of future drilling programmes intersecting mineralised zones.

Okumpreko Mining Company Limited

In the Okumpreko sampling programmes a similar procedure was adopted for the recovery and recording of samples as that used in the Robertson and GeoCoS exploration phases. Two to three kilogram samples were collected from an approximate depth of sixty centimeters. The Okumpreko campaign attempted to rapidly test all outstanding areas on the leases and focus on the most anomalous areas. Access problems resulted in the first pass "baselines" being constructed on either side of the Ofin River which were sampled at eighty meter intervals. Okumpreko collected 1037 baseline samples. The samples were not sieved as this step added cost without contributing much information. Sieving only anomalous values reduces the number of samples needing to be sieved. Only samples where an interpretation problem might exist would then be sieved for confirmation. As mentioned above repeat assays accomplish much the same thing. A fifty-gram portion of the sample is digested by aqua regia and the gold content determined by atomic adsorption. Follow-up samples were taken, recorded, and assayed the same way. The follow-up samples collected amounted to 2349 samples.

4. Geological Setting

Regional Geology

The mining leases lie on the eastern flank of the north-northeast trending Ashanti Belt. This Belt consists of a sequence of lithologies, which are typically gold producing in southwest Ghana. These lithologies include the Lower Proterozoic units of the Birimian metavolcanic and metasedimentary rocks (2.17 to 2.18 billion years); and Tarkwaian epiclastics. The Tarkwaian system was previously thought to be a late event in the Ashanti Belt development. Recent work suggests the Tarkwaian to be a coeval epiclastic system developed as a back-arc facies on top of basinal fine-grained metasedimentary and tuffaceous rocks that filled an ancient basin now called the Kumasi Basin. The Kumasi Basin is interpreted as a distal, quiet, deep-water environment that developed behind a volcanic arc. The trace of this volcanic arc follows a line beginning at Konongo and passing through Obuasi to Prestea. Continued back-arc subsidence allowed deposition of the Tarkwaian epiclastic rocks. The presence of these Tarkwaian rocks thus represents a region of late back-arc subsidence. Argillaceous units of sandstone, grits and thin pervasive conglomerate

units; the Tarkwaian Banket and Kawere conglomerate dominate the lithologies.

Following the development of the basin, Eburnean tectonics compressed the belt in a southwest northeast direction (similar to the direction of the basin development). This compression resulted in strike-slip and thrust faulting and tight isoclinal folding. This pressure was accompanied by regional metamorphism, mostly to lower greenschist facies.

Two main granitic intrusive events have been noted, the Dixcove and the Cape Coast granitoids. These granitoids are reportedly dated at about 2.09 billion years. The Dixcove granitoids are generally more discrete, sometimes hornblende-rich, and intra-basinal. They are reported to be sixty-ninety million years older than the Cape Coast granitoids. The Cape Coast granitoids are larger, biotite-rich and often form the margins to the belts.

Mafic dykes appear both within and around the belts. These dykes are either aligned with the belt at north-northeast or north-south. They are generally narrow and sub vertical.

Local Geology

The Nyaduom lease covers a sequence of mostly fine-grained Tarkwaian meta-epiclastics. The unit known as the Upper Banket series of arkosic wackes and conglomerates occupy the middle section of the concession area. Regional maps show that the Tarkwaian units form an anticline plunging shallowly to the south-southwest. The underlying Tarkwaian Kawere polymict conglomerate is exposed in the core of the anticline to the north. The dominant strike in the area is 045^{o} magnetic at the west end of the Nyaduom concession but the strike swings to almost east west at the eastern end of the license. Thin mafic dykes (or syn-formational coherent volcanic flows) parallel the regional strike all across the concession.

Though not observed, regional mapping suggests the regional structure in the Nyaduom lease passes from northeast trending on the west side to nearly east at the Kushea lease boundary. Rock types and formations change from Tarkwaian sandstones and phyllites (Lower Huni Formation) in the west with some mafic and intermediate volcanics. Fine-grained phyllite, tuffs, and greywackes

occupy the eastern side of the Nyaduom lease. The Kushea lease is underlain by biotite granodiorite (likely the Cape Coast granitoid). The sediments of the Pra valley peneplain mask much of the Kushea concession geology. An erosion resistant granitic hill near the centre of the area, bounded by the confluence, is the only prominent geologic feature not masked by the Pra peneplain.

Lateritic weathering, as with most of the region, has resulted in deep oxide profiles and development of duricrust in places.

5. Exploration

Exploration work

Moydow started its exploration program at the end of December 2004. Until the end of March 2005 the following was done:

Improvement of the Kumananta exploration camp.

Line cutting in three areas in the Nyaduom lease and one in the Kushea lease, total 39 lines. Lines in each area are spaced at 400 meter. They range from 0.5 to 3.5 km in length, total 69.5 km.

Along the lines soil samples were collected at 50 m spacing. So far, 1032 soil samples have been collected. Samples were sent to the SGS lab in Tarkwa, Ghana, to be assayed for gold. Assay results of 995 samples have been received.

Description of 151 outcrop locations and collecting of 15 rock samples. All rock samples have been analysed for gold at the Tarkwa SGS lab.

A site description was made for all outcrop and soil sample sites and the coordinates of each of these sites were established with GPS.

The work was done by and under direction of Moydow geologists Dr. Yuriy Deriouguine and Victor Litvinov.

Results

The line cutting and soil sampling program is in progress and no comprehensive interpretation of the results has been done yet (i.e. evaluation and integration with previous data). The results show 57 samples with gold values ≥ 120 ppb mainly in the central part of the Nyaduom lease

6. Mineralization

Quoted from the 1999 Okumpreko report:

Terrace alluvium gold deposits bound both banks of the Ofin and Pra Rivers. The terraced alluvium occurs at a height of nine or more meters above the Ofin River's current level and parallels it for most of its length. Four gold bearing horizons are known to exist. The first lies directly on the flanks of the active river valley gravels and clays; this bed can be up to ten meters thick but is rarely observed. The second and third terraces are visible in the Upper Ofin near Gyagyatreso, and at the Subin dredging area. The upper terrace is presented as a series of relatively flat plateaus.

North of Foso, on the north side of the Ofin River, and north of the Nyaduom lease boundary is Leo Shield's Kayeya Prospect. The Kayeya Prospect mineralization occurs in polymictic Tarkwaian. This host rock was originally thought to be the Kawere Conglomerate but the presence of apparent Tarkwaian sandstone cobbles suggests the conglomerate is the result of a later sub-graben inside the Tarkwaian sequence. Such a scenario would testify to the persistent, deep-seated structures that have been active over a long time. The conglomerate on the Kayeya Prospect is gold enriched (>0.3 grams Au per tonne) over an area of larger than 4.0 square kilometers (6 km by 0.8 km). The area is elongated towards the northeast, parallel with the regional strike.

Drilling on widely spaced lines on the Kayeya Prospect (outside the Lease area) defined a marginal economic resource of about 200,000 tr. oz. gold. About half of the resource was economic. The mineralization grade improved towards the southern end. The marginally economic portion was at the southern end of their prospect (only a few hundred meters from the Nyaduom lease north boundary). Drilling results from further south at Kayeya, suggests the mineralization had either petered-out or been pulled off strike. Soil samples south of the boundary reveal a scattered or much weaker response than the mineralised zone north of the boundary.

The Kayeya Prospect, though sub-economic at present, is important because the global bedrock resource (though low grade) is enormous and it is the only significant hydrothermal gold mineralization, other than the Abosso

Demang deposit, defined in the Tarkwaian. Leo Shield suggested the mineralization may be the result of a broader weakly constrained hydrothermal system or that the portion exposed maybe higher in the system.

An explanation for absence of the Kayeya anomaly south of the boundary is it being offset along a fault or it being masked by colluvium. Airborne geophysics indicates a fault that offsets the basement rocks to the east. The straight section along the Ofin River to the east also suggests major fracturing. These faults move the southern block eastward by several hundred meters. This throw distance is enough to place the new location of the anomaly beneath the Ofin River in some places. The geochemical expression could easily be masked or at least altered by the river's erosional and depositional phases. Results of the soil sampling program would appear to support this possibility. Given this situation, the scattered anomalies on the Nyaduom lease are highly prospective. Ground magnetic surveys over the Kayeya Prospect should help confirm the shift in location of the Kayeya mineralization. Marker beds with a definitive geophysical response may define the faults offset.

7. Drilling

No drilling has been done yet by Moydow on the leases. Drilling is planned later in 2005 after the soil sampling program has been finished. Location and amount of drilling is decided following an evaluation of the soil sampling results and of older data.

8. Sampling and Analysis

The geochemical soil sampling program is done following standard procedures. A similar procedure for the recovery and recording of samples was applied as that used in the Robertson and GeoCoS exploration phases. See paragraph 3.

9. Security of Samples

Handling of all samples is supervised, by the geologists Dr. Yuriy Deriouguine and Victor Litvinov.

10. Mineral Resource and Mineral Reserve Estimates

No resource estimates have been made yet.

11. Mining Operations

No hard rock mining operations have been done or are planned yet.

12. Explorations and Development

Work planned for 2005 encompasses:
Finishing the geochemical soil sampling program. Approximately another 2000 samples are planned to a total of approximately 3000 samples, covering 70 square kilometers. Evaluation of old and new data to determine drilling targets. Execution of a drilling program. Evaluation of all data and reporting.

The nature and amount of subsequent work depends on the results.

Kanyankaw Property

3. Project Description and Location

Project area
The Kanyankaw East Property is located in south-central Ghana approximately 50 kilometres north of the important seaport of Takoradi. The property consists of one prospecting license (the License) of 47.6 square kilometres in the Western Region.

Title and Obligations
The Kanyankaw prospecting license was obtained by Moydow Limited ("Moydow (Ghana)"), a company incorporated under the laws of Ghana and 100% owned indirect subsidiary of the Company, and Antubia Resources Ltd. ("Antubia") on January 16, 1996. The license was held in a joint venture between Antubia, a subsidiary of Glencar Mining plc ("Glencar"), and Moydow (Ghana), pursuant to the terms of an agreement dated November 6, 1992, (the "Kanyankaw 1992 Agreement") as amended on March 17, 1994 and June 20, 1995. The agreement granted Glencar (or its nominee) an option to earn a 50% interest in the Kanyankaw prospecting license in return for funding U.S.$150,000 of reverse circulation drilling and then contributing a further U.S. $330,000 in exploration expenditures before December 31, 1993.

The option was exercised in 1995 after two time extensions were granted to Glencar in March 1994 and June 1995. The agreement provided for the funding of work subsequent to the exercising of the option through pro rata contributions to work plans in accordance with each parties' respective interests in the joint venture. Should either party fail to participate in such work plans it would suffer a dilution of its interest based on the total expenditures and deemed expenditures of each of them. As of the formation of the joint venture, Moydow (Ghana) and Antubia were both deemed to have advanced U.S.$480,000 to the joint venture. Each party was entitled to a carried interest through to the completion of a feasibility study in the event that their interest should be diluted to a 10% interest. The carried interest, in such circumstances, was explicitly not assignable.

Glencar, Antubia, Moydow (Ghana) and the Company entered into an additional agreement in January, 2000, which required the parties to make an application to the Ghanaian government for a split of the property into two licences along longitude 2° 03' 43" west (the "Kanyankaw 2000 Agreement"). Pursuant to the Kanyankaw 2000 Agreement, Moydow (Ghana) would hold the licence for the eastern half which contains the old gold workings at Kanyankaw (the "Kanyankaw East Property") and Antubia would hold the licence to the western half which contains the old workings at Asheba (the "Kanyankaw West Property"). Application was made to the Minerals Commission in August 1999 to ratify this proposal and it became effective in early 2001.

Pursuant to the Kanyankaw 2000 Agreement, each party has the right to back-in and acquire an interest in the other party's property (40% in the case of the Kanyankaw East Property and 44% in the case of the Kanyankaw West Property). In order to exercise a back-in right, a party (A) must have performed a minimum of 5,000 metres of drilling on its own property and must make a payment to the other party (B) based on the drilling completed by B. The payment is calculated by multiplying the number of metres of drilling completed by B by a figure ranging between US$50 and US$100 (depending on the overall number of drill holes completed by B). The splitting of the licence was designed to facilitate aggressive exploration of the entire property in 2000.

The corner coordinates of the PL.2/31 prospecting license for the Kanyankaw East Property are:

Coordinates of the Pillars		
Pillar No.	Latitude	Longitude
1	5° 07' 00"	2° 03' 56"
2	5° 07' 00"	2° 00' 55"
3	5° 03' 58"	2° 00' 55"
4	5° 03' 22"	2° 01' 43"
5	5° 02' 33"	2° 01' 43"
6	5° 02' 33"	2° 00' 58"
7	5° 01' 46"	2° 00' 58"
8	5° 01' 46"	2° 01' 43"
9	5° 01' 22"	2° 01' 43"
10	5° 01' 11"	2° 02' 03"
11	5° 01' 11"	2° 03' 01"
12	5° 02' 10"	2° 03' 01"
13	5° 02' 49"	2° 03' 56"

The northern 70% of the License falls within the Neung Forest Reserve (“Reserve”).

The License was transferred to Shankill Resources Limited (Shankill) on 8 September 2003. Shankill is a 100% owned subsidiary of Moydow Mines International Inc. The License was renewed for a period of twelve months to expire on 16 September 2004.

At the end of that period, the Company was required to submit a report and financial statements, and an Environmental Permit from the Environmental Protection Agency ("EPA") and a site plan indicating areas to be relinquished. The Company submitted the required documents and applied for an Environmental Permit. It did not submit a plan with areas to be relinquished, as the Company at that time had not made a decision on this issue yet.

An application for renewal of the license was submitted to the Minerals Commission on 16 August 2004. Renewal has not been granted yet as the Minerals Commission requires that the Company relinquishes at least 50% of the License. The Company has made the decision to relinquish the northern 50% of the License area but has to submit its decision to the Minerals Commission. This area to be relinquished falls completely within the Forest Reserve. All exploration by the Company has been done in the 30% of the License outside the Reserve.

Environmental liabilities and Permits

The Company is not aware of any environmental issues, which – without proper care - could create a liability for the Company.

The Environmental Permit has not been issued yet as the EPA is waiting for the Forestry department to give its consent. Recently, it appeared that the Forestry department was not aware of the License transferral from Moydow (Ghana) to Shankill, which apparently had delayed their decision.

The Company has no reason to believe that the Environmental Permit and the extension of the validity of the License will not been granted once the necessary documentation has been submitted. That the Minerals Commission has not objected to an extension made it

possible to continue work on the License beyond expiration data.

2. Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility and Infrastructure

Kotoka Airport at Accra has scheduled international flights. The Company maintains a house in Accra that functions as guesthouse and office.

The Licence can be reached by vehicle from Accra in approximately 6 hours along hard surface roads to within 3km, and thereafter along a good quality gravel road to a Post and Telecommunications (P&T) tower located approximately in the centre of the 'workable' licence area. Access away from this central track is limited to a few 4WD vehicle tracks pushed through the forest for drill rig access or timber haulage. There are several small-scale farms, and footpaths link these. In forest areas, the vegetation is dense to extremely dense, and access is difficult and slow going on foot.

Local Resources

Villages are common along the Takoradi-Teberebie road. Major towns are Tarkwa about 30km to the North and Takoradi about 50km to the south.

Competent and experienced personnel and contractors for exploration and drilling can be found in Ghana. Skilled and unskilled labourers are readily available from towns or from nearby villages.

Climate

The Licence falls within the wet equatorial zone of Ghana. Rainfall and temperature records are not available for Kanyankaw or adjacent villages, however the author understands the rainfall to exceed 2000mm per annum, and the climate can be classified as seasonally wet humid and tropical. It is characterised by an annual double maxima rainfall pattern occurring in the months of May to July and from September to October.

Work can be done year-round, although certain activities have to be curtailed during heavy rains.

Physiography

The Permit area is characterised by steep hilly terrain, dendritic drainage and several broad high level plateaus, which represent an ancient land surface, rising above a low undulating terrain in the south of the licence (over the granitoids). Elevations range from approximately 75 to 125m in the southern 30% of the License and to 222m in the Reserve. Drainage channels have incised into the soft weathering profile, developed beneath the ancient land surface, to produce both dendritic and radial drainage patterns.

The high plateau ranges in width from 1.5 km down to a few tens of meters. Close to the plateau edges, blocks of ferruginous duricrust are variably exposed, as are pisolitic and nodular gravels. Away from the plateau edges pisolitic gravels are less evident on the surface, but are ubiquitous within a meter of the surface. Off the plateaus hill slopes are generally steep to very steep and can exceed 60^{o}. Not all hills have plateau tops. Some have narrow (<10m) ridge tops. Where the hills have sharp crests and distinct ridgelines, they probably reflect a particular geological unit or structure.

Within the area, natural equatorial forest is variably preserved, and much of it has been affected by logging or clearance at some time or other for agricultural, forest products (saw logs and charcoal, or timber props for mines). Approximately 60% of the Area has a dense natural or regrowth forest, 15% farming land (cassava, yams, plantain coconut, palm oil, rubber Tree), 5% mining (bedrock and alluvial) with the remainder (20%) young regrowth forest or recently cleared for charcoal making or new farms. Thickets of bamboos grow in some valleys and some areas of the high plateau surface.

3. History

The area has a rich history of gold mining and has been mentioned in the exploration journals of the Portuguese in the 16th century. In the License area, underground workings date form the colonial period with the earliest

accounts of Axim Mines in 1904. Artisanal mining has been a continuous occupation of the local population for well over 100 years and is still very much in evidence today. Previous small scale mining targeted a number of high-grade, quartz reefs in the southeast and southwest parts of the current mining lease area. It has been reported that these companies recovered approximately 20,000 ounces of gold from an array of stamp mills. The narrow high- grade reefs are locally continuous over hundreds of metres but up to the present, they have been found too isolated and sporadic to sustain large-scale commercial exploitation.

Soil sampling

Between 1987 and 1990 soil geochemical sampling by Ghana Gold of Australia targeted the potential for (i) more extensive auriferous quartz reef development associated with the Upper Birimian - a style of mineralization which had been exploited previously and (ii) Boddington-type mineralization in the laterite mantled plateau and overlying residual soils. A north-south trending broad anomalous zone was delineated, extending for about 3.5km along the plateau. Highest gold concentrations were detected just east and north of the P&T compound and in the Gogossu area of the plateau about 1km north of the compound. Soil geochemistry on a 50m x 10m array covered approximately 0.36km^2 of a southeasterly extending tongue of the plateau and about 0.44km^2 of the plateau northeast of the P&T tower. Another salient of the plateau straddling the Asheba shear zone (ASZ) in the Kanyankaw West Property was sampled on a 100m x 10m array covering an area of about 0.12km^2 southwest of the intersection between the Boundary fault and the ASZ. It is not clear why this latter area was targeted specifically by Ghana Gold. The only other areas soil sampled were by Cyprus Amax in the Asheba area (2900 samples) and trail sampling by Glencar /Antubia in 1999 (1800+) samples. The result is that only 2% of the exploration area or about 1 km^2 has been soil sampled from an area of 47.6km^2 representing the new Moydow sphere of influence.

Drilling - Glencar

In April-June 1992, Glencar drilled 32 RC holes (3,774M) on the plateau west and northwest of the old workings designed to "investigate the weathered profile in the vicinity of the anomalies with a view to establishing an open pittable resource". In addition, four RC holes were

drilled in the Gogossu area. The highlight of the program was the intersection of the north-northeast trending Tribute Reef in holes RC17, 13, 6, and 2 from north to south over a distance of 500 - 600m. Best intersection was at the northern limit of drilling in RC17 which returned 12m at 7.3g/t. To the south the reef pinches to 2m at 8.3g/t in RC13 and 2m at 10.9g/t in RC 6 and finally 3m at 4.6g/t in RC2 at the southern limit of drilling. Glencar drilled six additional holes - RC41 - 43, RC47, RC49, and RC54. The RC41-43 fence targeted the northerly extension of the Tribute Reef and RC47 targeted the Reef at depth beneath the RC17 intersection. Results were disappointing.

Drilling - Cyprus Amax

Pursuant to an option/joint venture agreement (the "Cyprus Agreement") dated February 6, 1996 among Antubia, Moydow (Ghana) and Cyprus Exploration and Development Corporation ("Cyprus"), Cyprus commenced a diamond drilling programme in September 1996 pursuant to which Cyprus drilled 13 holes for a total of 2,000 metres.

Cyprus Amax drilled eight-holes (1422.5m) in mid-September around the Kanyankaw workings, supervised and implemented by CME & Company, an international group of geological consultants. Drilling targets were generated from a new soil-chemical survey on a north-south oriented 100m x 25m grid with lines from two to four kilometres long, correlated with a ground magnetic survey over the same grid and an IP survey on seven east-west lines.

Soil geochemistry delineated a strong north-northeast fabric. The K5-K7 anomaly, about 600m west of the P&T tower, appears to be associated with a satellite lineament - the Boundary Fault - and also in the case of K6, an IP target. The K5 - K7 holes were barren and spaced along a 750m stretch of the anomaly. A south-southwest draining stream may have incised along the Boundary Fault creating an alluvial gold-in-soil anomaly, which did not reflect complimentary gold concentrations in the sub-stratum.

Holes K1 and K2 tested a >0.5ppm anomaly with maximum dimensions of 300m north-south and 200m east west centred

about 500m north of the P&T tower. K2 on the low ground was barren and intersected chloritic schist to 132.5m and chloritic basalt to the bottom at 165 metres. Pervasive quartz-carbonate- chlorite alteration occurs from 70 - 165m. K1 was collared on the high ground and intersected 2m at 11g/t from 32m associated with quartz-limonite-manganese stockworks or stringer mineralization in saprolitic basalt and 6m at 4.96g/t from 152m associated with two 0.5m quartz veins with quartz-pyrite flooding in a structure. Curiously, the Glencar drilling is at the southern end of this blob and predominantly to the south and west where there is no Cyprus/CME anomaly.

The more interesting area is west and south of the P&T tower where a strong anomalous zone oriented north-north-east appears to be unaffected by topography, specifically an east-west salient of the plateau which protrudes into the centre of the zone. Only two holes were drilled in this area, K3 and K4, both on low ground, and both intersected mineralization - the former six narrow zones including 2m at 16.6g/t from 8m and the latter 2m at 4.44g/t from 18m and 2m at 37g/t from 60m. Drillhole K3 is characterised by chlorite-quartz-carbonate basalt, quartz-carbonate stockworks and fine crackle breccias. Pyrite varies from 0 to 50% with the latter amount being confined to quartz + pyrite veins of no more than 8cm in width. Vein and veinlet angles to core axis indicate that veins are striking N15º - 20º E and dipping 50º to the northwest. K4 mineralization is associated with "annealed" shear zones characterised by quartz-carbonate-tourmaline alteration, post mineral movement and late quartz-pyrite veining (6-8cm) which could be carrying the gold.

Galamsey Activity
Within the licence, there are some areas with very active galamsey mining. The main area of activity is currently northwest of the P&T Tower off the high plateau where the miners are concentrated along what appears to be two narrow (<1m wide) quartz veins along a total strike of some 500 meters.

4. Geological Setting

The license area is underlain chiefly by Lower Proterozoic Upper Birimian metamorphosed mafic volcanic rocks (greenstones), which are intruded by small stocks

and dykes of hornblende granodiorite. Slicing through the rock pile is a series of NNE-trending fractures with associated minor splays; interestingly, all recorded past production has come from the minor splays and only minimal exploration has been conducted over the major lineaments, which characteristically occupy the low ground in fault-controlled valleys. Where these major lineaments cross terrain that is slightly more elevated, their trace is frequently coincident with a trail of sericitically altered granodiorite dykes, which show patchy development of gold-bearing, quartz stockworks.

The Kanyankaw prospecting licence is located twenty kilometres south of Tarkwa. The Tarkwa Goldfields have produced 10 million ounces of gold and which currently host reserves in excess of 25 million ounces predominantly from the two major mines at Tarkwa and Teberebie.

5. Exploration

Exploration work

The major part of the licence area away from the colonial workings at Kanyankaw had never been systematically explored. A limited exploration program in 2000 focused on the prospective north-northeast trending NKFZ lineament/structure and the potential for open- pittable resources. 1467 soil samples were collected on a 400m x 50m grid within a 2km-wide corridor straddling the NKFZ. Airborne magnetic data was reprocessed and interpreted by consultants and cross-referenced with geology and soil-sampling results.

Eight holes (KR1-8) totalling 717m RC and 43m DD were drilled targeting soil anomalies southeast of the old Kanyankaw workings. Although gold was recorded, it was not significant enough to warrant further drilling at the time. The holes were drilled in two SW-NE fences, 200m apart, in each four holes 50m apart.

A landform and regolith study completed S.J.S. Bolster of Regolex on the property in 2001 generated nine new targets, which warranted testing. During the year, there was a significant increase in the number of illegal artisanal, or galempsey miners. At one stage, over 6,000 miners were reported to be working the high-grade quartz reefs on the property, which restricted access.

Following a study of all available data by Moydow geologist Dr. Yuriy Deriouguine, the Company executed two drilling programs. Phase I from May to July 2004 and Phase II from September to October 2004. For both phases, Pontil Minerex Ltd. did the drilling and Blue Cross Ltd. was engaged for organising workers. Up to thirty workers from the nearest villages and galamseys, worked as diggers, line-cutters, samplers, guides, and watchmen. All the work was directed and supervised by Yuriy Deriouguine.

6. Mineralization

Phase I

The main gold mineralization within the studied part of the Kanyankaw License is connected with gold-bearing quartz veins within metamorphosed mafic volcanic rock of the Upper unit of the Early Proterozoic Birimian Series. The rocks hosting gold-bearing veins contain very weak gold mineralization. Earlier data about the old underground Axim Mine and recent galamsey workings indicate that the gold-bearing quartz veins form a sub-parallel system striking towards NNE. The thickness of these veins is still still unknown but it is expected to be less than 1m. The size of fragments of gold-bearing quartz in galamsey pits seldom reaches 15-20 cm. Gold-bearing veins consist of light-gray sugary-grained quartz with numerous caverns filled with limonite and clay, goethite pseudomorphs after pyrite, relics of pyrite and fine native gold. The mined quartz contains gold up to 153g/t.

The recent drilling was aimed to cross the whole vein system together with earlier drilled holes. Potential gold mineralization with this type of veins is of interest for industrial mining only in case if the system forms a stockwork. The vein was divided into two intervals: (1) northern part – target # 2 and (2) southern part – target # 1. Additionally, target # 3 at the galamsey mined quartz vein near Kanyankaw village was also drilled.

The sub-parallel vein system at two intervals (target # 1 and target #2) was drilled by 24 45°-inclined RC holes total 1732m. The results confirmed a proposed system of sub-parallel gold-bearing quartz veins, which in sampled

intervals have thickness not more than 4m. Gold values vary from 1.1g/t up to 18.25g/t with the highest gold grade in previous hole KAN 4, 2m at 37g/t. Quartz veins are not accompanied by gold-bearing alteration, which could increase mineralized intervals. Quartz veins are situated rather far from one another and they don't form a stockwork.

Target # 3 is situated close the galamseys mined quartz veins near Kanyankaw village. There in hole KRC 19 the gold-bearing interval extends up to 22m depth, which has average gold grade 4.24g/t and hole KRC 19 contains 1.56g/t at 64m. Hole KRC 35 targeted to cross the quartz vein mined now by galamseys unfortunately at 66-67m and 82-83m cut pits or adits so the real gold grade in the mined vein wasn't clear. Assay results are probably the best ones in all holes on the License but the geological structure of gold-bearing body (or bodies) is still unclear.

A target near the highest soil anomaly (gold up to 58.0g/t) was not drilled because of the complicated landscape and dense. This anomaly is traced more than 800 m from the known underground mine towards SWS through the intermediate wide soil gold anomaly on the previous profile. At its western edge on the slope and across the stream there are many old galamseys pits.

Phase II

The second phase of drilling aimed T (1) at Target # 3 – to extend previous drilling on the galamsey mined quartz veins near Kanyankaw village, and (2) at Target # 4 - to drill the highest soil anomaly on the License.

At Target # 3 saprolite hosts quartz veinlets at intervals contain pseudomorphs of goethite after pyrite and fragments of pyrolusite. In fresh rock two types of quartz veins were distinguished: (1) vein hosting disseminated pyrite (up to 5-7%), malachite, limonite in hole KDD 46 looks like strait veins limited at their contact by cataclasite, (2) cataclastic folded veins associated with listvenitized (silicification + chloritization + carbonatization + pyritization) rocks. Both types of veins are gold-bearing.

Gold mineralised intervals within target # 3 join into three zones: A, B, C. The first two zones were drilled during the first phase of exploration with drilling extended in the second phase. Zone C was found in the second phase.

Zone A was crossed by hole KRC 35 where from 66m to 68m gold grade is 2.4g/t but this interval is probably partly mined by galemseys. Zone A has the most representative intersection in hole KDD 49 with from 156.7 m to 158.1m a light grey quartz vein, bordered at both contacts by 7-10mm-thick cataclasite. In hole KDD 49 the gold-mineralised interval from 156m to 159m contains 3.3g/t gold, the maximum gold grade in sample 5087 is 5.27g/t over 1m. The quartz vein is associated with weakly mineralised rocks on the both sides of the vein where gold values vary from 0.1g/t to 0.7g/t.

Zone B was after the first phase of drilling the most interesting. In hole KRC 19 from the surface up to 22m depth the average gold grade is 4.26g/t with maximum value 16.15g/t over 2m. There, an envelope of weakly mineralized rocks surrounds strongly mineralized intervals. Gold mineralization in hole KRC 19 is located within weathered rock represented by saprolite, partly after pyritized rock hosting quartz veins and veinlets.

More drilling was done in Zone B in the second phase of drilling. In hole KDD 49 Zone B split into four

mineralized intervals, which also generally are jointed by a weakly gold mineralized envelope. From 77 to 83m the average gold grade is 8.02g/t with maximum value 17.5g/t over 2m. A similar gold grade from 101 metres to 105 metres at 8.21g/t. In hole KDD 46 zone B was intersected only at interval 254 metres – 256 metres with 11.8g/t gold. In hole KDD 46 Zone B is almost absent, but there is a possibility that it goes between two holes.

Zone C is a new gold mineralized interval. In hole KDD 46 from 72m to 128m rocks host gold mineralization which an average grade of 0.48g/t at 56m depth. It includes the best intersection of 10m at 3.63g/t with maximum value 7.7g/t. Gold-bearing rocks are represented by saprolite, weathered schist, and weathered pyritized schist hosting quartz veins.

At the target # 3 assay results show that the gold mineralization belongs to two different types. The first type in Zone A is associated with pyrite-hosting quartz veins limited by strait cataclastic contacts. The second type (Zone B, C) is represented by quartz veinlets hosted by altered (listvenitized) rocks. Mineralization of the second type forms sub-parallel lenses within wider envelopes of weakly altered rocks. This type of gold mineralization looks more prospective because it organizes wide (up to 40m) envelopes of gold-bearing rocks with higher gold grade.

Gold mineralization at target # 3 was explored only in one profile. The gold grade and thickness of mineralized intervals are very changeable; numerous pits, shaft and adits complicate this. The morphology of gold-bearing bodies is still unknown.

At Target # 4 the drilled ten holes were aimed to cross the soil gold anomaly with 58.03g/t. Weak gold mineralization less than 1g/t was found in many holes but only one intersection is over 1g/t. The intersection in hole KRC 38 from 54m to 64m has an average gold grade of 6.93g/t with maximum value of 31.9g/t. The gold mineralised interval is associated with quartz veins and veinlets hosted by saprolite where in panned samples numerous particles of dust-like native gold were seen. A weakly gold-mineralized envelope accompanies rich quartz veins. Most of weakly gold-bearing intervals at Target #

4 are associated with rocks hosting quartz veinlets or pyrite mineralization.

7. Drilling

The 2004 Phase I and Phase II programs targeted four areas in a 1.35km by 1.6km area. The target areas consisted of fences of approximately 150m to 800m in length and trending WNW-ESE. Drill holes were spaced 50m. Phase I consisted of the holes KRC9-26 and Phase II of KRC37-44 and 47-48, and KDD46 and 49. The 41 holes totalled 250m DD and 2986m RC. A total of 1876 samples were submitted for analysis.

Drill hole spotting, drilling, sampling, logging and sampling were done following standard procedures. The coordinates of the drill holes were established with GPS with the spacing verified by tape and compass.

For an interpretation of the results, see paragraph 6.

8. Sampling and Analysis

Sampling

RC and DD sampling intervals at the 2004 drilling programs were 1m. Split samples were combined to represent 2m intervals unless the mineralogy warranted 1m interval samples. All samples were sent to the SGS laboratory in Tarkwa for standard gold fire assay.

All sampling and sampling procedures were done following standard procedures and the Company does not belief that there are factors that adversely impacted the accuracy or reliability of the results.

Internal control

For internal control 4.4% of the pulp reject samples with gold values covering the whole range were selected. These samples with changed numbers and sample bags were sent to SGS, Tarkwa for gold fire assay. Discrepancies were followed up.

Gold values correlated well (cc 0.96). However, in the control samples gold values are average 24% higher than in the original samples. SGS explains this disagreement by the presence of coarser gold in samples, which is then prevalent near the bottom of the sample bag. The control

samples were poured into new bags where the coarser gold ended up on top. If this is the case, then the problem exists at SGS where samples were not properly mixed. One sample that differed more than in nine times would be re-assayed.

External control

External control was done by Transworld Laboratories Ghana Ltd. in Tarkwa. 4.2% of the samples that had been fire assayed for gold at SGS were selected with the same methodology as for internal control. Pulp rejects of these samples were recalled, their bags were changed, and they were sent to Transworld for fire assay for gold.

Results correlated well (cc 0.97). The Transworld data average 17% lower than the SGS values. All samples that had more than 1 g Au/t correspond between the laboratories.

9. Security of Samples

The geologist Dr. Yuriy Deriouguine supervised the handling of all samples. The RC samples and the DD core is presently stored in a locked building in a village near the License.

10. Mineral Resource and Mineral Reserve Estimates

No resource estimates have been made yet.

11. Mining Operations

No hard rock mining operations have been done or are planned yet.

12. Explorations and Development

The Company intents to evaluate all available exploration results in 2005. To facilitate this evaluation, the Company acquired a new computer software package. The nature and amount of further exploration is subject to the results of the evaluation.

Port Loko Bauxite Concession

1. Project Description and Location

Project area
The Port Loko bauxite concession is located 65 km East of Freetown, the capital of Sierra Leone, Western Africa. The 596km^2 (230 square mile) concession forms a strip of 77km NNW-SSE by 12 km WSW-ENE in the Port Loko District of Sierra Leone's Northern Province.

Title and Obligations
Gondwana (Investments) S.A. (a private company incorporated in Luxembourg) obtained in November 2002 the Exploration License No. Expl. 7/02 for a period of three years to explore for base metals, rutile, zircon, ilmenite, and bauxite from the Government of Sierra Leone in accordance with an approved program of exploration operations.

The coordinates of the Property that are specified in EXPL 7/02 are:

Beacon	UTM West	UTM North	Zone
A	739,100	997,000	28P
B	751,600	972,700	28P
C	757,400	953,600	28P
D	773,800	931,500	28P
F	770,500	922,800	28P
G	751,200	950,800	28P
H	733,400	982,400	28P
I	738,000	985,450	28P
J	731,700	992,800	28P

Sierra Leone 1960 datum.

(Note: no E was used).

The licence can be renewed for a further term of one year. Subject to the full performance according to the licence, the holder of the licence shall be entitled to the grant of a Mining Lease.

The Company and Shankill Resources Limited (Shankill) signed an option agreement with Gondwana on 8 September 2004, for Shankill to explore the bauxite deposits in the Exploration License EXPL 7/02. Shankill is a 100% owned subsidiary of Moydow Mines International Inc.

Licence obligations include:
Pay a yearly rent of US$200 for each square mile.
Demarcate the licence boundary.
Employ at least one qualified geologist or mining engineer for the exploration.
Carry out bona fide exploration during the continuance of the License.
Undertake base line studies on the environment in order to provide details of any significant adverse effect, which the carrying out of exploration program would have on the environment, the proposals to combat any such effect and the estimated cost thereof.
Employ and train citizens of Sierra Leone.
Backfill or make safe bore holes or excavations made during the course of the exploration operations.

Environmental liabilities and Permits
The Company is not aware of any environmental issues, which – without proper care – could create a liability for the Company. The company has no reason to believe that necessary permits, once applied for, will not been granted.

2. Accessibility, Climate, Local Resources, Infrastructure and *Physiography*

Accessibility and Infrastructure
Freetown is reached from Lungi Airport by helicopter or ferry by crossing the Sierra Leone River estuary. Lungi Airport has scheduled flights to and from Europe and other Western African countries. The Company rents a house in Freetown that functions as guesthouse and office.

The Company has established an exploration camp in the Concession area just outside the village of Rogberi. The camp is an abandoned Unamsil camp that has been renovated. The camp is capable of housing approximately 30 people. Water for

the exploration camp is provided by wells and drinking water is obtained from Freetown. Power is generated on site with a 27 KVA diesel generator.

Access to the exploration camp from Freetown is by 65 km paved highway to Masiaka and from there by another 30 km partly paved road (paving is in progress). The latter road crosses the central portion of the Concession. Rogberi Junction can also be reached from Lungi Airport via Lungi Lol and Port Loko by 80 km dirt roads.

The Concession straddles dirt and paved roads that head west and north from Rogberi to Port Loko and beyond, and south and east to Masiaka and beyond. Gravel and all-season dirt roads to villages scattered in the area provide good access to most parts of the Concession. An extensive network of cut lines provides detailed access in certain areas.

Villages of the Temne are common scattered in and around the Concession area. Towns nearby are Port Loko and Lunsar, 16 west and 18 km east from Rogberi.

Local Resources

Most supplies have to be brought in from Freetown. Specialized equipment has to be imported.

The Concession area has abundant sites that can be used for mining facilities. Three main rivers, the Rokel, the Bankasoka, and the Little Scarcies, all of which have bridges crossing them, intersect the concession. Any of these rivers would provide ample sources of water for the bauxite washing plant and other mining related requirements.

At Lungi Lol (33 km west of Port Loko), a road branches to Pepel Port on the Sierra Leone River estuary (13 km from Lungi Lol). The road from Rogberi Junction via Lungi Lol to Pepel Port largely parallels the mineral railway from the Marampa iron mine (east of Rogberi) that operated from the early 1930’s to 1985. A rail yard, rolling stock, housing, storage, and ship loading facilities exist at Pepel Port. The railway, which crosses the bauxite deposits, and the harbour facilities (65km by rail from Rogberi) can – after rehabilitation - be used for transport and shipping of bauxite ore.

Certain competent and experienced contractors for exploration, drilling and mining have to come from abroad. However, there is a pool of local people that has experience with bauxite exploration and mining. Skilled and unskilled labourers are readily available from Freetown and from local villages.

Climate

Sierra Leone lies within the West African rain forest belt. The alternation of monsoon rains and northeast dry winds divides the year into distinct wet and dry seasons. Most of the rain falls from May to October (200-250 cm) and much less from November to April (12-25 cm). Average temperatures range from 25 to 28°C with the highest temperatures in March and November.

Work can be done year-round, although certain activities have to be curtailed in the afternoons during the rainy season. Surface water is abundant in rivers and creeks in the rainy season. Smaller streams gradually dry up in the dry season.

Physiography

The Concession topography is characterized by flat to gently rolling savannah. Mabing Hill with 156 m is the highest point north of the Rokel River. Most hills, however, are between 30 and 60 m high; they are considered remnants of an erosion surface.

Primary forest has been cleared from the area. Most of the area is now covered with tall cane grass. These areas merge in open secondary forests, which occupy small portions of the low hills and valleys.

Village agriculture is focussed on growing cassava using traditional slash-and-burn clearing methods. Large areas – especially those underlain by bauxite – are not used for agriculture although they are seasonally burned.

3. History

The occurrence of low-grade bauxite in Sierra Leone was first recorded in 1920-1921 in the northeastern corner of the Northern Province. Other bauxite occurrences were found in the Southern Province (Mokanji bauxite deposits) and in the wide valleys of the Freetown Peninsular in the Western Area.

The Port Loko bauxite deposits were discovered in the early 1950's by road construction workers. During reconnaissance exploration work in 1959 by government geologists along the motor roads from the Rokel River Bridge to Port Loko and Marampa, interesting bauxite zones developed on feldspathic gneisses of the Kasila Group. This tended to constitute the extension of the Mokanji deposits.

The Sierra Leone Ore + Metal Co. (Sieromco), then a subsidiary of Swiss Aluminium Ltd. (Alusuisse) obtained a prospecting license (No. SEPL 2087) and carried out an exploration

campaign north and south of the Rokel River from 1963 to 1965. Sieromco stopped work because the company's emphasis at that time was on bauxite deposits with alumina content greater than fifty percent.

In July 1972, Sieromco obtained a Special Exclusive Prospecting License (SEPL 2182) covering an area of about 620 km^2 between the Rokel River and the Little Scarcies for a period of four years. Sieromco developed and executed a comprehensive exploration programme that assessed and evaluated the license area. Extensive and detailed exploration was carried out by drilling (3,500 hand and 11,000 mechanical drilled holes, total 126,000 m) and pitting (425 pits).

Sieromco defined 28 mining blocks in four areas which largely parallel the geological trend: Yenkisa (1-13), Lungi (1-6), Tekeya (1-12) and Kambia (Mange-Gbonkomakent and Mamaliki).

Following a corporate management policy change not to expand its raw materials supply base, Alusuisse surrendered its mineral holding of its property to the Government of Sierra Leone.

In 1987, Austromineral, an Austrian owned company (then in the process of rehabilitating the Marampa iron ore mine which was 23 km east of Rogberi Junction), conducted a pre-feasibility study on the Port Loko bauxite deposit on the basis of the results of the Sieromco exploration work. Austromineral confirmed that it could be a viable venture of low-grade bauxite that should be investigated for commercial exploration.

In 1992, Jupiter Export and Import (Jupiter) acquired the property (No. EXPL 4/92) but its work was limited in scope during the escalation of the rebel war. In 1996, Jupiter renewed its exploration license (No. EXPL 4/96) and proceeded to undertake additional prospecting/exploration and due diligence on the Sieromco work that led to a feasibility study by Watts, Griffis and McOuat (WGM) of Toronto, Canada, and a feasibility report by WGM (October 31, 1997).

Jupiter filed an "Application for the Leasing of the Pepel Port and Railway Installations and the Rail Tract" on 11 March 1996 with the Government of Sierra Leone. The application contained a summary of work to be done and a cost estimate for the rehabilitation of port and rail facilities.

Renewed rebel activity forced a suspension of operations in 1998 under conditions of force majeure, and subsequent

cancellation of the license in 1999 by the Government when Jupiter failed to demonstrate its ability to continue.

Following the cessation of the rebel activities, the Government of Sierra Leone granted exploration rights to Gondwana for the Port Loko bauxite concession under Exploration Licence No. EXPL 7/02 in November 2002, (see paragraph 1).

Railway, Harbour and Iron ore mine

During 1930, construction commenced on a 52 miles 3ft 6in gauge line from Pepel to the Marampa haematite iron ore mine, 23 km east of Rogberi. The line was constructed by the Sierra Leone Development Company (Delco). Trains were organised to haul thirty bogie wagons with each wagon capable of carrying thirty tons of ore. When the line opened in 1933 two 151 Beyer-Garratt steam locomotives handled the ore trains, two more were received, one in 1935, the other in 1936.

These locomotives were in 1955 replaced by five diesel locomotives from the Birmingham Railway Carriage & Wagon Co Ltd. (BRCW). Two diesels were operated back to back in multiple trains of forty double bogie ore wagons of thirty tons carrying capacity. With the line limited to a top speed of 28mph, a round trip would take about five hours to complete, not including any time taken at the termini. During the mid 1960's, improvements to the track allowed the axle loading to increase and the maximum speed to increase to 35mph. New roller bearing equipped wagons had an increased capacity of fifty tons.

The BRCW locomotives were replaced by American Locomotive Company (Alco) diesel locomotives. The first one to arrive in 1964 was numbered 201. Three more arrived during 1970 numbered 202 - 204, now built by the Montreal Locomotive Works. Presently, the condition of the 202-204 locomotives is reportedly such that they can be made serviceable.

At Pepel Port, ore dumping, storage and three generations of ship loading installations exist. The last one ("C plant") is reportedly capable of loading 4000 ton/hour. One of the two loading facilities of the C-plant has reportedly been operated recently.

Delco exploited the Marampa iron ores from 1930 until 1976. The mine was reopened in 1981 but closed again in 1985. All mining installations at Marampa have reportedly been destroyed during the 1990's and the present assessment is that the Marampa ore reserves do not warrant the construction of new mining installations.

4. Geological Setting

Most of the Sierra Leone is underlain by rocks of Precambrian age (Achaean and Proterozoic) with a coastal strip about 50 km in width comprising marine and estuarine sediments of Tertiary and Quaternary to Recent age. The Precambrian outcrops cover 75% of the country and typically comprises granite-greenstone terrain. It represents parts of an ancient continental nucleus located on the edge of the West African Craton. The Achaean basement can be subdivided into infracrustal rocks (gneisses and granitoids), supracrustal rocks (containing greenstone belts) and basic and ultra-basic igneous intrusions.

The infracrustal gneisses and granitoids were formed and reworked during two major orogenic cycles, an older Leonean episode (-2,950-3,200 Ma) and a younger Liberian episode (-2700 Ma).

Greenstone belts of the Kambui Supergroup have been deposited upon a post-Leonean basement and are accompanied by basic to ultrabasic intrusives. The Marampa Group, bounded on its eastern margin by a tectonic contact, is important for its iron-ore deposits and forms the upper part of the Kambui Supergroup.

The Rokel-Kasila Zone bounds the main part of the West African Craton on its west and southwestern margin in Sierra Leone, and appears to form part of a north-south orogenic belt. Within this belt, the Marampa Group appears to represent some of the oldest rocks. The Kasila Group, also considered part of the Kambui Supergroup, comprises a high-grade series of granulites, consisting of garnet, hypersthene and hornblende gneisses, quartzites and associated migmatites. Where eroded, significant secondary deposition of titanium minerals has formed from this unit.

A late Precambrian to Cambrian sedimentary and volcanic assemblage, the Rokel River Group, was deposited unconformably on a basement complex. The Rokel River Group and the Kasila Group to the west were deformed during the Rokelide orogenic episode (~550 Ma).

Tertiary and more recent weathering has led to lateritisation across a large part of Sierra Leone, affecting mainly the greenstone belts and the extensive dolerite intrusions. The bauxite deposits that formed within the Kasila Group are a result of this weathering process.

The Concession area is underlain by the Kasila Group where it consists of anorthosite, feldspathic gneiss, and amphibolite.

The best quality of bauxite is formed by weathering of anorthosite. The Port Loko bauxite consists mainly of gibbsite.

5. Exploration

Moydow started an exploration project at the Port Loko bauxite deposit at the end of November 2004. Until the end of March 2005 the following work has been done:

Input of Sieromco and Jupiter data into a digital database (in progress).

About half of the Sieromco and Jupiter drilling and pitting results still exists in summary format on detailed maps (thickness overburden and bauxite, and % Al_2O_3 and SiO_2). Details of about 10% of the drill holes exist on logs. The rest of the original data is lost.

Setting up of a base in Freetown and renovation of the Unamsil camp at Rogberi Junction for use as an exploration camp. The camp includes staff quarters, office, storage building, cooking facilities, and a sample storage and sample processing building. Hiring and employing local people.

Re-cutting of the Sieromco and Jupiter lines, (in progress).

Cleaning and re-sampling of Sieromco and Jupiter pits, (in progress).

Acquisition, shipping, and installation of sample processing equipment and of a custom build 4″ hollow-stem-auger (HSA) for bauxite exploration.

Survey with differential GPS of Sieromco and Jupiter drill holes and pits, (in progress).

Block Y3 – Surveyed Sites

Site Description	Total Number
Drill Holes	161
Pits	22
Line Data	189
Trenches	1

Block Y3 - Surveyed Lines:

Tie Lines TL 100, TL 150, TL 200, TL225, TL250 Cross lines 3180, 3175, 3170, 3165, 3160, 3155, 3150, 3145, 3140, 3135, 3130, 3125, 3120, 3115, 3110, 3105, 3100, 3095, 3090, 3085, 3080, 3075, 3070, 3065, 3060, 3055, 3050, 3045, 3040, 3035, 3030, 3025, 3020

Block Y4 – Surveyed Sites

Site Description	Total Number
Drill Holes	84
Pits	113
Line Data	87
Trenches	Nil

Block Y4 - Surveyed Lines:

Tie Lines TL100, TL150, TL200, TL225, TL250 *Cross Lines* 3010, 3000, 2995, 29775, 2980, 2970, 2965, 2960, 2955, 2950, 2945, 2935, 2925, 2915, 2910, 2905, 2895, 2885, 2865, 2860, 2855, 2850

6. Mineralization

Moydow has not obtained any results yet of its exploration project. Quoted from the Watts, Griffis and McOuat report: The Port Loko bauxite deposits occur as lenses within a series of bands. The deposit consists of essentially one band in the southern (Mamaliki) area of the Concession. In the central Port Loko portion of the Concession, the deposit widens to form three distinct north-northwest to south-southeast trending bands. North of Port Loko, it narrows again toward Kambia.

The bauxite showings are extremely heterogeneous in term of areal extent, depth and quality. Within the Port Loko South area, individual deposits vary from 400 to 2,000 meter in length and 50 to 500 meter in width.

Sieromco pit and drill hole data provide the following general deposit profile:

	Thickness	Average
Top soil	0 to 0.3 m	0.3 m

Lateritic gravel and bauxite pebbles 0.3 to 3.0 m 0.8 m

Massive bauxite 2.0 to 12.0 m 6.8 m

Bedrock, partly weathered along cracks and fractures

7. Drilling

Drilling is scheduled to start early April 2005. Pontil-Minerex of Accra, Ghana, will initially supervise drilling and will train local technical qualified people.

8. Sampling and Analysis

Sampling and sample processing is scheduled to start early April 2005. The program is set-up and is supervised by a qualified person, Don Hains, P.Geo. of Hains Technology Associates, Toronto, Ontario.

Individual drill samples are one meter in length. Pit samples are combined for each meter from the four sides of the pit. The samples are to be coned and quartered, split, washed, screened, crushed and pulverized. Final samples (eight for each meter depth in pits and one for each meter drilled) are to be sent to the SGS laboratory in Perth, Australia, for analysis of eleven oxides including Al_2O_3 and reactive quartz.

For quality control, a certain amount of duplicate samples will be send to the same SGS laboratory and to one or more other laboratories.

9. Security of Samples

Handling of all samples is supervised, either by Don Hains, P. Geo., by Dr. Yuriy Deriouguine (geologist), or by Ebo Bakker, P.Geol. (Alberta).

Splits of all samples are stored in a separate section of the sample storage and processing building at the exploration camp at Rogberi.

10. Mineral Resource and Mineral Reserve Estimates

Evaluation of Sieromco and Jupiter data is in progress. Moydow has not yet obtained new data.

Sieromco's 1970's exploration led to the definition of 104 million tons of ore of medium grade in 26 mining blocks along three trends from the Rokel River to just north of Rogberi (see paragraph 3): Lungi in the west, Tekeya central and Yenkisa in the east. Sieromco defined "proven" 77.4, "indicated" 16.8 and "inferred" 10.0 million tonnes of washed bauxite with expected grades of 47% Al_2O_3 and 4.5-5% SiO_2. It is not known how Sieromco interpreted the terms "proven", "indicated" and "inferred".

Evaluation of the Sieromco data by Watts, Griffis and McOuat using the 1996 version of the “Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves” and the “National Policy 2-A”, resulted in a resource estimated for the Port Loko bauxite concession of 104 million tonnes washed bauxite as follows:

Probable Reserves 46 million tonnes
Indicated Resource 31 million tonnes
Inferred Resources 27 million tonnes

and that “It is anticipated that much of the material currently designated in the Indicated Resource category can be converted to reserves once the appropriate test work and economic projections have been completed.”

11. Mining Operations

No mining of the Port Loko bauxite property has been done, and Moydow has done no mine planning yet. Visits were made to the Rogberi Junction – Pepel section of the railway and to the harbour facilities to get a general idea of their condition.

Sieromco developed preliminary mine plans. The plans describe a pumping station at the Rokel River, a six km pipeline to the Yama Creek that was to be dammed near Yenkisa village, from there a 1.2 km pipe line to a washing plant near the railway just west of Rogberi Junction. Transport was planned using the Marampa – Pepel mineral railway and the existing Pepel Port loading facilities were to be used for off shore shipping.

12. Explorations and Development

Work planned for 2005 encompasses:

Cleaning and sampling of at least 85 of the Sieromco and Jupiter pits.

Drilling of about 320 HSA holes to a total of 4000 meter.

Sample processing and analysing of at least 680 pit samples and 4000 drill samples.

Differential GPS survey of drill holes, pits, lines, and topographical features.

Analysis of the Sieromco and Jupiter data for certain areas in order to validate as much of their data with the results of the 2005 Moydow exploration program.

Inspection by a subcontractor of the railway from Rogberi Junction to Pepel and of the housing, storage and loading facilities at Pepel Port.

Preparation of a scoping study or of a pre-feasibility report.

This year's work focuses on seven mining blocks as defined by Sieromco: Lungi 4 and 5, Yenkisa 3, 4 and 5, and Tekeya 4 and 5.

Other Properties

The Company has an ongoing process of new project review and evaluation of worldwide mineral properties. During 2001 and 2002 it carried out reconnaissance and review of several properties located in Ghana and elsewhere, including Nevada. Expenditures on geological reconnaissance and reviews are written off as it occurs unless the property is staked or acquired.

Dala Property

1. Project Description and Location

Project area

The Dala diamond concession covers an area of 3,000 km², situated in the Lunda Sul province of Angola, between the Luachimo and Luangue rivers. The provincial capital Saurimo is situated close to the northern boundary of the concession. The village of Mona Quimbundo is situated near the southwestern boundary. The following geographic coordinates delimit the concession area:

9° 39´ S	19° 58´ E
9° 39´ S	20° 38´ E
10° 01´ S	20° 38´ E
10° 02´ S	19° 58´ E

The "Contract for Prospecting of Diamond Secondary Deposits" referring to the Dala Project was published on December 7, 2004 in the Angolan Diário da República, (Decreto n.º 143/04). All legal conditions to start exploration on the concession were in place from that date.

Title and Obligations

Cimader Lda is a private Angolan mineral exploration and mining company, which was established specifically to obtain and hold the Dala prospecting permit. In January 2005, negotiations were conducted between Cimader and Endiama to establish the terms under which the diamond potential of this concession area might be developed in joint venture. The agreement came into effect after ratification by the Council of Ministers (i.e. the national Cabinet).

In early 2005, Cimader entered into a joint venture with Moydow Mines International ("Moydow"), a Canadian-registered public company with international mining and exploration interests, for the development of the diamond potential of the Dala concession area. In terms of this agreement, Moydow will act as operator of the project, reporting to a management committee comprising representatives of Moydow International, Cimader and Endiama. In its role as operator, Moydow International is required to prepare work programmes and budgets for consideration by the management committee.

Environmental liabilities and Permits
The Company is not aware of any environmental issues, which – without proper care - could create a liability for the Company. The Company has no reason to believe that necessary permits, once applied for, will not been granted.

Mineralization, etc.
For a detailed description, see paragraphs 6 and 10 below.

2. Accessibility, Climate, Local Resources, Infrastructure and *Physiography*

Accessibility, Infrastructure and Local Resources
As the provincial capital lies within the Dala concession, the area is relatively well endowed with general services (by Angolan standards). There are virtually no social services or commercial activity in the outlying areas, where the only industry is subsistence farming and illicit diamond mining.

Saurimo boasts the second longest all-weather landing strip in Angola, capable of handling the largest cargo aircraft in current use in this region (Ilyushin IL-76). The city is linked to Luanda and other regional capitals by tarred roads: three such roads traverse the project area.

While equipment and general supplies are transported into the region by road, movement of personnel and perishable goods from Luanda and abroad is normally done by air. The principal roads within the concession area are in relatively good condition, but poor maintenance and excessive use by heavy vehicles have led to the disintegration of the principal supply route through Mona Quimbundo to Luanda. Although most of the major bridges in the region were demolished during the course of the civil war, temporary repair work has been affected. The movement of traffic is much slower in the rainy season (October to April) when the 950km trip to Luanda can take up to 4 days.

There is no electrical grid in the region. All projects and settlements have to rely on diesel-generated power.

Drinking water is readily available from natural springs throughout the region. Larger volume water requirements (for irrigation, diamond recovery plants etc.) can easily and freely be satisfied from any of the larger rivers.

All telecommunications in this region (public and private) are via satellite.

Tropical diseases such as malaria and typhoid are endemic in the region. While basic medical services (public and private) are available in Saurimo, any serious health problems would require evacuation by air.

Primary and secondary schooling is provided by the State in Saurimo, but there are effectively no education facilities available outside of the provincial capital.

Competent and experienced personnel and contractors for exploration and drilling can be found in Angola. Skilled and unskilled labourers are readily available from towns or from nearby villages.

Climate

The only information obtainable for this region are historic records obtained from the weather station at Dundo (270km north of the project area), for the period 1952-1957. Those records may be summarized as follows:

- Annual rainfall: 1662mm (max 1928mm in 1952, min 1373mm in 1955).
- Wet season: October to April, the heaviest rainfall occurring in November, December, March and April. January and February are relatively dry.
- Dry season: May to September, July, and August being the driest months.
- Average annual temperature: 24-25°C (max daily average 33°C, min daily average 13°C).
- Daily temperature fluctuation: 14.5°C January-April; 20.0°C May-August; 13.0°C October-December.

While the climatic pattern is identical, there is a significant difference in elevation between Dundo (780m), and Saurimo (1080m). The rainfall figures are similar, but the prevailing temperatures are 2-3° C cooler on average in Saurimo.

Field conditions are good during the dry season (April to October), but deteriorate rapidly with the onset of the rains. It is, however, generally possible to conduct fieldwork throughout the year, accepting seasonal fluctuations in productivity.

Physiography

There are two distinct geomorphological regimes in the project area: the Tertiary land surface and the Quaternary land surface. The former comprises a flat, smooth plateau that is gently inclined towards the north (regional slope approximately 0.1-0.2° from the horizontal). This plateau covers most of the interfluvial areas between the larger rivers (Chicapa, Luele and Luachimo), with elevations in the range 1150 metres above sea level (in the south of the concession area) to 1100 metres (in the north).

The Quaternary surface is restricted to the active river valleys and is consequently narrow and sinuous in form. Elevations range between 1020m in the south, and 1000m in the north.

Hydrographically, the concession area is dominated by the perennial Chicapa, Luachimo, and Luele rivers, which flow from south to north. The tributary drainage pattern is dendritic, with headwater areas exhibiting the form of steep-sided amphitheatres. The influence of bedrock structure is evident in the regional drainage pattern.

3. History

Diamang Alluvial Exploration Programme, 1969-73

The Dala project area covers the southern portion of the catchment of the Chicapa and Luachimo rivers, which were among the most prolific sources of alluvial diamonds in Angola. During the late 1960’s, the Angolan diamond mining monopoly Diamang (later renamed Endiama) targeted these drainages as focal points of its exploration programme aimed at proving up mineable reserves ahead of its then current mining activities.

The reconnaissance exploration procedure was to excavate rows of pits manually at 600m intervals along the banks of the main rivers. Pits were usually 2-3 m^2 in surface area, and penetrated to bedrock where possible. All gravel intersected would be washed and the heavy mineral fraction examined for diamonds and kimberlitic indicator minerals. Sample volumes would usually have been in the order of 1-3 m^3. Diamond content was reported in carats/m^3. Bedrock lithology was reported where recognized.

Anomalous areas discovered in the course of reconnaissance work were followed up by infill pitting, starting at 200m spacing. Pitting at 40m intervals finally proved reserves up. Operating within the comfort zone of a total monopoly (and also for reasons of industrial security), Diamang was seldom if ever under any pressure to follow up or evaluate positive areas identified in the reconnaissance phase. (The sudden advent of independence from Portugal in 1974 appears to have caused a change in the hitherto relaxed attitude of Diamang in this regard. See Condiama 1975 below).

In what is now the Dala exploration area, the reconnaissance sampling programme was planned to cover the entire catchment of the Chicapa and Luachimo rivers, to approximately latitude 11°S. However, it appears that sampling had not advanced much to the south of Saurimo when regional exploration work was suspended.

Condiama Exploration Programme, 1971-74

Condiama was a consortium managed by De Beers (but funded equally by De Beers and Diamang), set up in 1970 to conduct a nationwide sampling programme aimed at locating all of the kimberlite provinces in Angola, in anticipation of the possible termination of Diamang's monopoly on diamond exploration. In the course of four years, blanket loam- and stream sampling coverage was achieved over most of the country (except for the eastern and south-eastern theatres of the war). Approximately 2 million samples were collected, and several hundred kimberlite pipes were identified, located in a dozen or more kimberlite provinces.

During the course of the work programme, Condiama sampled the greater part of the Dala project area. The results of the regional reconnaissance sampling completed in 1970-71 revealed several kimberlitic indicator mineral anomalies in and around the Dala concession area.

Condiama Exploration Programme, 1975

During the period immediately following the departure of the Portuguese colonial administration, there was a change of focus in the activities of Condiama in the Lunda region. Whereas their work had hitherto been directed specifically towards the search for kimberlites, reports from mid-1974 to mid-1975 refer to extensive sampling for alluvial diamonds. Nothing is known of the reason for the sudden change of strategy. It is, however, evident that sampling coverage was directed specifically at areas with strong alluvial potential that had been left unsampled by Diamang. It is inferred from this that Condiama was working in cooperation with (or perhaps under contract to) Diamang.

The rate of progress achieved by Condiama was phenomenally quick by comparison with that of Diamang, and it must be concluded that their work was probably less thorough than that of Diamang. No record could be found describing the sample spacing, or of the sampling procedure adopted by Condiama. It is, however, very likely that Condiama would have adhered to the operational principles previously established by Diamang.

4. Geological Setting

Geology of the Dala project

The upper Luachimo- and Chicapa hydrographic basins are covered in large part by unlithified Tertiary sand cover of the Kalahari Supergroup. Older rocks are only encountered in the more deeply incised river valleys. The latter valleys are partially filled with Quaternary sediments.

As systematic ground checking was rarely conducted, the reliability of the published geological map is questionable (particularly in the case of correct identification of supracrustal terrestrial strata).

The stratigraphic column of the Lunda region is as follows:

Precambrian units

Gabbro-Norite-Charnockite

The oldest rocks in the region are mafic and intermediate products of high grade metamorphism of the older granitoid rocks. The age of the older granitoids is thought to be 3100-3400 Ma. The charnockitization occurred during the Musefu episode, 2820 Ma.

These rocks are usually intensely weathered and decomposed in the surface environment. Outcrop is generally very poor, and is usually confined to the most deeply incised valleys.

Undifferentiated granite gneiss

These banded rocks are migmatitic in character, and range in composition from granodiorite to tonalite. They are normally leucocratic, and fine to medium grained. The gneissic fabric is most predominantly orientated E-W. They are commonly characterized by pervasive quartz veining.

Younger intrusives

Boulders of doleritic composition are encountered in the Quaternary gravels. Their provenance is uncertain. These are similar in appearance and composition to the Cretaceous pigeonitic dolerites encountered in the Luô diamond field 100km to the north.

Karoo Supergroup

Sedimentary rocks of Permian age belonging to the Lutoe group are known to occur in the region. These rocks are friable, arenaceous to argillaceous red beds.

The distribution of Karoo strata in the concession area is shown in figure 6. It should be noted that terrestrial red beds are often incorrectly identified in the published 1:1,000,000 geological map. Where exposure is poor confusion may exist between Karoo, Calonda, Kalahari –- and sometimes kimberlitic crater-fill.

Calonda Formation

The Calonda Formation is known to be present within the project area. The Calonda consists of rudaceous continental red beds of late Cretaceous age. The thickness of the formation varies considerably: in the Luaco mine it attains a thickness of 30 m, but in areas such as Chitotolo it occurs as pockets of sediment preserved from erosion in basement depressions. The Calonda succession usually consists of a poorly sorted basal gravel unit (0.3m to 4.0m thick), overlain by gritty, cross-bedded sandstone.

The Calonda Formation is essentially a continental redbed sequence of feldspathic sandstone (arkose) and basal conglomerates, with argillites appearing in the upper part of the sequence. The sediments accumulated as fan deposits and braided stream washes of alluvial affinity, in SW-NE trending graben-like valleys. The prevailing climatic regime at the time of deposition was arid.

The sediments vary in colour from brown-red to light purple due to the presence of iron and manganese oxides. Clasts found in the Calonda Formation basal conglomerate include quartzite, agate, chalcedony, vein quartz, granite gneiss, and schist. The size of the clasts and composition of the basal conglomerate varies greatly. At Luaco mine, agates and Luana quartzite clasts often reach cobble size. In the Chitotolo and Nzargi areas, fragments of decomposed granite gneiss and schists are predominant. At Nzargi and Luarica, the conglomerate consists of readily-weathered granitic clasts which tend to break down in the pre-treatment plant and only about 25% of product is sent to the DMS plant.

At a number of other localities in the Lunda region, the basal gravels of the Calonda are known to be diamondiferous and may constitute viable ore bodies.

Kalahari Supergroup

The Kalahari in the Lunda region is divided into an Upper and a Lower unit, the maximum combined thickness reported from drilling records being in the order of 180 metres.

The Lower unit is commonly intensely silicified, exhibiting the following characteristics:

- Cream- to yellow coloured conglomerate. The pebbles consist of quartz, chert, and siltstone, and tend to be well-rounded. The matrix is gritty sand and is frequently indurated by secondary silica.
- White to yellow sandstone
- Amorphous chalcedonic silica, white to yellow in colour. This material commonly takes the form of large angular boulders (up to 1 metre in diameter), and is designated ‘’Gres Polymorph’’.

The upper Kalahari forms the Tertiary peneplain. The sedimentary units are red to brown in colour, and sand- to silt-stone in composition.

Recent (Quaternary) deposits

The Quaternary sediments of the Lunda region have been intensively studied over several decades by Diamang geologists. The sediments vary in character according to the environment of deposition and economic potential. Some of the more important distinctions made by the Diamang geologists are listed below.

Diamondiferous deposits of Quaternary age include the so called “ hillslope” deposits and the terraces of the major rivers; the flood plain and fluvial deposits are classified

here as Recent, as they are being formed and transformed at the present time.

Hillslope deposits.
As their name suggests, these gravel deposits are located on the flanks of the valleys of the major rivers. The gravels may outcrop or may be covered by several metres of brown silt/clay overburden.

The gravels consist of well-rounded quartz pebbles and locally derived angular fragments of vein quartz and quartzites in a dark brown clay/sand matrix. Blocks of grés polymorph, agates and nodules of laterite are commonly present. The diamonds these gravels contain are derived by erosion from primary (kimberlite) or secondary (Calonda and Tertiary) sources in the vicinity of the deposit.

Terrace deposits.
The main terrace deposits are found along the outer margins of the floodplains of the major rivers. In the valleys of the large rivers of the Lunda, several terrace levels are known to exist. They represent former floodplains, recently incised, and correspond to the successive stages of deepening of the valley.

Due to their similar origin, they resemble current floodplain gravels in many respects. However, overburden and gravel are often partially consolidated and lateritised. The gravels consist of rounded quartz pebbles and angular granite-derived quartz grit. Blocks of grés polymorph, agates, and laterite nodules are often present, in a brown silt or sand matrix.

The gravels may outcrop or may be covered by up to 6m of brown silt or sand overburden. The higher and older terraces of the major rivers are often heavily lateritised. This, in conjunction with their similar composition, makes them difficult to distinguish from hillslope gravels. In some areas, the terrace deposits are so heavily lateritised that they form duricrusts, and crushing is needed to release the diamonds. Where sampled (e.g. at Luô), these indurated gravels have often been found to be well mineralised: it would be advisable to install a small crusher at any processing facility where alluvial terrace gravel is to be treated.

Terraces of the minor rivers are more limited in extent and are usually lateritised to a lesser degree compared to the older terraces of the major rivers.

Alluvial flat gravels.
These gravels occur at the base of the present floodplains of the major and minor rivers. The floodplains of the major rivers in the Lunda region are not usually very broad. The riverbanks are periodically flooded during the wet season and are underlain by gravel. The gravels are unconsolidated and consist of medium to coarse, rounded quartz pebbles in a loose sandy matrix. Overburden may reach 4 to 5 m and comprises loose sand and clay, with a high content of vegetable matter. Diamond grades in these gravels are frequently good and the flat deposits of the major and minor rivers were some of the first diamond deposits exploited in the Lunda region.

River channel gravels.
The distribution of these deposits which occur on the beds of the present day rivers is controlled by structural and compositional variations in the bedrock, which may in turn produce extreme variations in gravel thickness and diamond content.

In the Cuango River where greater compositional and structural variations occur, many deep pools and scour channels are formed in which high concentrations of diamonds may occur. The north flowing rivers of the N.E.Lunda (Chicapa, Luembe, Luachimo) flow for the most part over decomposed granite and schist bedrock. Bedrock compositional differences here are few and the gravels are more evenly spread over the riverbeds, but some diamond-enriched pools do exist.

The gravels are “free wash” gravels and are deficient in clays. Resistant, rounded quartz pebbles make up the major part of the gravels. The gravels may reach a thickness of several metres in pools and scour channels where high diamond concentrations may exist at the gravel/bedrock contact. The upper part of the gravel is usually also mineralised though of lower grade.

Detailed evaluation of river channel gravels prior to mining is difficult. The major rivers are 4m or more in depth and are often fast flowing

Penetration deposits.
These consist of decomposed bedrock which is not genetically related to diamonds but into which appreciable quantities of alluvial diamonds have penetrated to a depth of a few tens of centimetres. In places, penetration of decomposed bedrock by alluvial diamonds has been observed to depths of 60cm.

In standard evaluation and mining procedures, 20 to 30 cm of decomposed bedrock is included in the mining depth. In

terrace and hillslope deposits, diamonds are often recovered from the lateritised and broken material below the gravel layer which represents the former bedrock of the deposit.

Diamonds occurring in bedrock in these circumstances are normally treated as part of the overlying gravel deposit.

Geological Structure

Due to the paucity of outcrop (and of technical expertise), little is known of the geological structure of the basement rocks in the vicinity of Saurimo.

The gneissic fabric of the migmatites has a general E-W trend.

Broad structural analysis performed by De Beers in the 1960's led to the conclusion that the Lunda province was subjected to tectonic tension during the late Cretaceous period, in sympathy with the Atlantic rifting. This tensional regime resulted in a series of SW-NE trending grabens and half-grabens.

The distribution of kimberlite occurrences across the Angolan craton reflects this structural trend. The same trend is also believed to control the principal zones of accumulation and preservation of the Calonda sediments.

A system of N-S trending faults beneath the Kalahari cover is thought to govern the orientation of many of the major rivers in the region.

5. Exploration

The Company has done no exploration on the concession yet. Exploration is planned to start in May 2005, (see section 12).

7. Drilling

The Company has done no drilling on the leases yet.

8. Sampling and Analysis

The Company has done no sampling on the concession yet, (see section 12).

9. Security of Samples

The geologists Laz Fleming and Carl Slade will supervise the handling of all samples.

10. Mineral Resource and Mineral Reserve Estimates

No resource estimates have been made yet.

11. Mining Operations

No alluvial or hard rock mining operations have been done or are planned yet.

12. Explorations and Development

The exploration strategy of the Cimader/Moydow joint venture will have four general objectives:

1. The search for kimberlites in the established target areas
2. The evaluation of the identified alluvial terrace targets in the Chicapa and Luachimo basins
3. The evaluation of the "fluvial" diamond potential of the larger rivers
4. The assessment of kimberlite potential of the remainder of the concession area.

Moydow has established a small office and residence in Luanda, through which the logistical requirements of the project are to be obtained. The services of the Angolan contracting firm Ridge Solutions will be used in order to assist with the start-up phase of the project.

A central field depot and transit house in Saurimo will be shared between Dala and other projects managed by Ridge Solutions in this region, on a proportional usage basis. Where possible, other facilities within the operational area are also to be shared between the Dala and other projects managed by Ridge Solutions. These include a Differential GPS system and geophysical equipment.

A small, pioneer field crew will be deployed from Luanda to select a campsite and to establish the base camp. The ideal timing of this deployment would be during the latter half of April.

The first phase of exploration will involve an aeromagnetic survey with digital terrain modelling over the entire concession area, to define drilling targets and to assist with measurement and correlation of alluvial terraces.

Magnetic targets will be followed up by grid soil sampling and gravimetry.

Alluvial exploration work will commence with analysis of the digital terrain model to determine areas of extensive terrace development. A team of divers will be deployed to sample the Chicapa and Luachimo riverbeds. Sample reduction would be by means of technologically-simple, mobile equipment.

The forecast schedule of work and progressive cash draw-down for the entire three-year exploration programme are presented in the form of a spreadsheet, Appendix 1. It is stressed that this schedule is intended to serve the Association as a financial management tool, and does not necessarily constitute an expenditure commitment. By their nature, mineral exploration programmes are driven according to results obtained and are subject to constant review. If, for example, no interesting mineralization is encountered in the course of the initial reconnaissance, the bulk sampling phase of work would not be undertaken. The work and expenditure schedule in Appendix 1 represents the most optimistic view in which all phases of work meet with success.

Newfoundland

True Grit Property

1. Project Description

The three True Grit Licenses are located in the Baie d'Espoir area of southern Newfoundland, Canada. The area covered by the lenses is 111.5km^2.

The licences are:

008667M	Renewal date	2007/05/09	Map 02D/04 01M/13
009591M	Renewal date	2005/10/16	Map 02D/04 01M/13
009630M	Renewal date	2008/08/11	Map 02D/04

License 008667M:

Beginning at the northeast corner of the herein described parcel of land and said corner having U.T.M. coordinates of 5 320 000 N; 604 000 E; of zone 21, thence south 9000 metres, thence west 11000 metres, thence north 6000 metres, thence east 2000 metres, thence north 1000 metres, thence east 1000 metres, thence north 1000 metres, thence east 2000 metres, thence north 1000 metres, thence east 6000 metres to the point of beginning. Reserving nevertheless out of the above described area all of the land being part of licence#'s 8334M, 8288M, 7778M, 8379M, 7777M, 7723M, 7718M and 7717M. All bearings are referred to the U.T.M. grid, Zone 21. NAD 27.

License 009591M:
Beginning at the northeast corner of the herein described parcel of land and said corner having U.T.M. coordinates of 5 317 000 N; 602 500 E; of zone 21, thence south 4000 metres, thence west 500 metres, thence south 500 metres, thence west 2000 metres, thence north 500 metres, thence west 3500 metres, thence south 500 metres, thence west 500 metres, thence south 500 metres, thence west 2000 metres, thence north 2500 metres, thence east 1000 metres, thence north 500 metres, thence east 1500 metres, thence north 1000 metres, thence east 3500 metres, thence north 1000 metres, thence east 2500 metres to the point of beginning. All bearings are referred to the U.T.M. grid, Zone 21. NAD 27.

License 009630M:
Beginning at the northeast corner of the herein described parcel of land and said corner having U.T.M. coordinates of 5 326 000 N; 607 000 E; of zone 21, thence south 2000 metres, thence west 2000 metres, thence south 4000 metres, thence west 4000 metres, thence north 6000 metres, thence east 1000 metres, thence south 1500 metres, thence east 3500 metres, thence north 1000 metres, thence east 500 metres, thence north 500 metres, thence east 1000 metres to the point of beginning. All bearings are referred to the U.T.M. grid, Zone 21. NAD 27.

Title and Obligations
Moydow is the License Holder for all three True Grit licenses. The company is currently involved in a joint venture with Cornerstone Capital Resources Inc. (“Cornerstone”) of Mount Pearl Newfoundland and Labrador, Canada. Moydow has the right to acquire 51% of the property by incurring expenditures of CDN$ 800,000 coupled with various option payments.

Moydow can then elect to proceed on a 51% ownership basis or by incurring additional expenditures of CDN$1,200,000, can increase its holding to 80%.

Environmental liabilities and Permits
The Company is not aware of any environmental issues, which – without proper care - could create a liability for the Company. The Company has at all times obeyed any instructions issued to it by the various statutory authorities in relation to the environment.

Moydow obtained approval from the Newfoundland Department of Mines and Energy prior to any trenching or drilling activity. The Company has no reason to believe that in the future necessary permits, once applied for, will not been granted.

Mineralization
For a detailed description, see paragraphs 6 and 10 below.

2. Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility and Infrastructure
The property lies next to the Baie d'Espoir highway, a tarred road and an offshoot from the Transcanada Highway. Access to drill sites is via a good network of logging tracks and jeep trails.

Local Resources
Goods and services are available in several coastal communities in the Baie d'Espoir area, situated some 10-15km south of the exploration license area.

Competent and experienced personnel and contractors for exploration and drilling can be found in Newfoundland. Skilled and unskilled labourers are readily available from towns or from nearby villages.

Climate
The climate is typical of the eastern coast of Canada, Newfoundland, with long cold winters, often with heavy snowfall. Summers tend to be short and temperatures seldom exceed 28°C.

Physiography
The license area is characterized by low-lying topography, is heavily forested, and contains large tracts of boggy ground surrounding small ponds and glacial lakes.

3. History

The property has had a protracted history of exploration dating from the late 1980's when a lake sediment survey, conducted by the Newfoundland Department of Mines, revealed anomalous gold concentrations over a considerable stretch of terrain either side of the Baie d'Espoir highway.

Teck Corporation, on the basis of this information, staked a swathe of ground, systematically evaluated the lake sediment anomalies and turned up the True Grit and Golden Grit prospects, which were samples and trenched.

One such trench, containing scattered gold values along its length, was subsequently investigated by a two-hole drilling

program when the property passed into the hands of local prospector Alex Turpin in 2001.

Cornerstone then acquired the property from Mr. Turpin before optioning it (early 2003) to Moydow who decided to investigate the property more intensively.

4. Geological Setting

Almost the whole of Newfoundland lies within the northern edge of the Appalachian orogen with the exclusion of its western part, which belongs to St. Lawrence and New Brunswick platforms (Pool et al., 1973). Within the Appalachian belt, formed from Late Precambrian till Late Devonian, three tectonic zones from west to east are distinguished (Hayes, 1987): Dunnage, Gander and Avalon. The Dunnage and Gander zones represent a part of the Early Cambrian - Silurian Notre Dame Trough that in its western eugeosynclinal zone is composed of volcanic rocks and the eastern zone is represented by sedimentary rocks (Pool et al., 1973). The explored area is completely situated within the sedimentary part (Exploit subzone) of the Dunnage zone. The Exploit subzone is separated from the ophiolitic-volcanic subzone by an extensive fault system (Williams et. al., 1988).

The Baie d'Espoir area of Newfoundland is underlain by a suite of Lower Palaeozoic sediments, mostly siliclastics with subordinate calcareous horizons, intruded by dykes and stocks of a granodiorite –granite composition.

The True Grit license is underlain by metamorphosed rocks of the Baie d'Espoir Group (Anderson, 1967) of Lower or Middle Ordovician, which is divided into four formations. The structural complications and similar lithological composition makes it difficult for their certain stratigraphy. On the 1:50000 geological maps (Colman-Sadd, 1976, 1980) the whole True Grit license area occupies a small piece of a large non-divided St. Josephs Cove Formation, which consists of interbedded calcareous sandstone, siltstone and pelite with a proposed thickness of at least 5000m. The St. Josephs Cove Formation was greenschist facies metamorphosed, which in psammitic and pelitic rocks is characterized by chlorite, biotite and muscovite and in calc-silicate rocks – by clinozoisite and tremolite-actinolite (Colman-Sadd, 1976, 1980).

The Siluro-Devonian North Baie Granite batholith was mapped outside the explored area (Pickett, 1990). It is represented by a pink quartz, biotite, feldspar granodiorite.

The rocks of the Baie D'Espoir Group were affected by two phases of deformation:

- D1 – isoclinal folds with a slaty cleavage along bedding,
- D2 – open folds postdating the granitoids intrusions.
- The predominant structural grain is northeast-southwest and parallel to this trend are a number of prominent structural dislocations separating terrains of varying paleo-geographic provenance. Some of these lineaments are accompanied by zones of intense shearing and fracturing which result in complex patterns of polyphase folding and cleavage development. Thrust faulting is locally intensely developed, often with an east-to-west component.

5. Exploration

The Company began exploration on the licence in the summer of 2003 and following a review of all available geological/exploration data, it was concluded that only an intense drilling program would succeed in deciphering the complex mineralogical distribution as reflected in the erratic soil geochemistry.

The Company began exploration on the licence in the summer.

Accordingly, it was decided to initiate drilling in the vicinity of the prospectors (see History) two drill holes and from this point to probe putative northeasterly and southwesterly strike extensions.

This first phase of drilling was executed in May and June of 2003 and totaled 1251 meters of diamond drilling. The results, while expanding the known aerial extent of the mineralization exposed by shallow trenching and encountered in the prospectors two holes, did not intersect significantly higher grades of gold mineralization. The best intersection returned a section of 116 meters averaging 0.7 g gold/ton.

A second phase of drilling executed in August and September 2003 met with somewhat similar results in a program that totalled 1317 meters of diamond drilling. The best intersections in this phase were slightly deeper than those encountered during the first phase and represent down-dip extensions of an easterly dipping sheet or sheets of gold mineralization up to 50 meters wide.

The Phase 3 drilling program was executed from April to June of 2004 and totalled 3012 meters and probed conceptual targets outside the known limits off gold mineralization; in general, no significant mineralised intercepts were encountered.

The Phase 4 program, executed from October to December 2004, totalled 2196 meters and was designed to test the at-depth extensions of previously identified mineralization lying between the surface and 100 meters depth. Although the structural controls of mineralization remained somewhat ambivalent after this phase, it is considered that while some sheets of gold mineralization do persist to depths in excess of 200 meters, there is little evidence that grades increase with depth. Although a few sporadic values in excess of 1 g gold/ton were intercepted, grades tended to cluster in the 0.4 to 0.6 g gold/ton range.

6. Mineralization

It was found that gold mineralization on the True Grit license is associated with arsenopyrite needles in rocks at the exo-contacts of quartz-carbonate - with pyrrhotite and pyrite -

folded veinlets that form stockworks. Gold-bearing arsenopyrite is represented by small (0.1-2mm) needles that have different orientations but that are mostly spread along the bedding. Rarely, arsenopyrite needles were found inside quartz-carbonate stringers. In some holes arsenopyrite needles is had formed in the breccias that are sub-concordant to the foliation of metamorphosed rocks. The quantity of arsenopyrite varies from rare needles up to 1-3% at some intervals.

7. Drilling

Gold in rocks with arsenopyrite has a strong positive correlation with As and Sb, a weak positive correlation with Ag, Pb, Sr and a negative correlation with the majority of detected elements: Ce, Mg, V, Na, Al, Be, Cu, Ni, La. Correlation of elements in these rocks in principle differs from non-altered metamorphosed rock. Gold correlation is linked to the degree of arsenopyritization.

The average ration As/Au is 1:3000 but varies from 1:1000 to 1:4400. It is suspected that all gold is finely disseminated in arsenopyrite. Average calculated gold grade in arsenopyrite is 150g/t, varying from 100 to 450 g/t.

The Company had 94 diamond drill holes drilled in four phases to a total of 7776 meter. Standard procedures were followed during drilling, core logging, and sampling. The core was cut in half. One half was sent to the assay laboratory and one half in Baie d'Espoir.

8. Sampling and Analysis

For sampling the whole core was cut. Sample length of the rock hosting numerous needles of arsenopyrite was one meter. Intervals hosting rare needles of arsenopyrite samples length was two meter. Visually non-mineralised rocks were sampled in intervals of three meter. A total of 4317 samples have been collected which were fire assayed for gold in combination with atomic absorption in Eastern Analytical Ltd. laboratory based in Springdale, NF. Most samples were also ICP assayed for 30 elements in the same laboratory. For internal control, pulp reject samples (5%) were selected. External control was done in the Activation Laboratories Ltd. in Ancaster, Ontario and in OMAC lab, Ireland.

At Eastern Analytical, samples were dried, then crushed in two stages to approximately 10 mesh and split using a riffle splitter to approximately 300 gram. The sample is pulverised using a ring mill to approximately 89% <150 mesh.

9. Security of Samples

The geologists Dr. Yuriy Deriouguine and Victor Litvinov were responsible for and supervised the handling of all samples.

10. Mineral Resource and Mineral Reserve Estimates

No resource estimates have been made yet.

11. Mining Operations

No mining operations have been done or are planned yet.

12. Explorations and Development

Moydow is currently examining all data generated during its tenure and will decide on future plans upon completion of this study.

Risk Factors

Risk Posed by Continued Losses
Lack of Cash Flow and Requirements for New Capital
The Company's current operations do not generate any positive cash flow and it is not anticipated that any positive cash flow will be generated for some time.

The Company has limited financial resources. Leases and licences that the Company holds and joint venture agreements to which the Company is a party impose possible financial expenditures on the Company. The most material of these possible expenditures occurs in the event that the Company elects to participate along with Normandy LaSource in further exploration and development of the Ntotoroso property. Failure to equally participate in such expenditures would result in a dilution in the Company's interest in the property.

Further exploration and possible development of the various mineral properties in which the Company holds interests depends upon the Company's ability to obtain financing through the joint venturing of projects, debt financing, equity

financing or other means. There can be no assurance that additional funding will be available to allow the Company to fulfill such obligations.

The location of the mineral properties in which the Company holds interests in developing countries may make it more difficult, or impossible, for the Company to obtain debt financing from senior lenders. Failure to obtain necessary financing on a timely basis could cause the Company to forfeit all or parts of its interests in some or all of its properties or joint ventures and reduce or terminate its operations.

Lack of Operating History

The Company was materially changed by the RTO Transaction completed in December 1998 and Moydow (Isle of Man) has been conducting operations only since 1994. The Company has no current source of revenue and its success ultimately depends on its ability to generate profits from its properties. The Company currently has no producing properties, other than an interest in the Wassa mine, and the Wassa mine currently operates at a loss. The Company has no further obligations with respect to the Wassa mine. The Company is largely dependent on successful exploration and its ability to complete financing for its projects. The possible commercial development and production at the Ntotoroso property is its most advanced exploration project, with a feasibility study completed in March 2001.

Exploration Risks

Exploration for gold is speculative in nature, involves many risks and is frequently unsuccessful. Any gold exploration program entails risks relating to the location of economic ore bodies, development of appropriate metallurgical processes, receipt of necessary governmental approvals and construction of mining and processing facilities at any site chosen for mining. The commercial viability of a mineral deposit is dependent on a number of factors including the price of gold, exchange rates, the particular attributes of the deposit, such as its size, grade and proximity to infrastructure, as well as other factors including financing costs, taxation, royalties, land tenure, land use, water use, power use, importing and exporting gold and environmental protection. The effect of these factors cannot be accurately predicted.

Political and Regulatory Risks

The Company is conducting exploration activities mainly in Africa. There is no assurance that future political and economic conditions in Africa will not change or that the government may adopt less supportive policies respecting foreign development and ownership of mineral property.

Changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labor relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore and possible develop/operate those properties in which it has an interest or in respect of which it has obtained exploration rights to date. The possibility that future governments of these and other countries may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

Environmental Risks

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes to environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests that have been caused by previous or existing owners or operators.

Compliance with environmental, reclamation, closure and other requirements may involve significant costs and other liabilities. The EPA has broad powers under environmental assessment legislation to suspend, cancel or revoke an environmental permit or certificate in cases of non compliance with laws, permits, certificates and mitigation commitments in an EIA or environmental management plan. The EPA also may suspend a permit or certificate in the event of an occurrence of fundamental changes in the environment due to natural causes before or during the implementation of an undertaking.

Regulatory, Environmental and Other Risk Factors

The Company intends to fulfill all statutory commitments on its current licences over the next year and to apply for licence renewals in the normal course of business.

The Company's operating income and cash flow are also affected by changes in the U.S./Canadian dollar exchange rate together with movement in the local currencies in Africa, as a portion of the Company's costs are incurred in these currencies.

The profitability of any gold mining operation will be significantly affected by changes in the market price of gold. Gold prices fluctuate on a daily basis and are affected by numerous factors such as world supply of gold, central bank selling, stability of exchange rates, forward sales and inflationary forces, among other factors beyond the Company's control.

In addition, exploration companies are subject to various laws and regulations including but not limited to environmental, health and safety matters together with political risks that are outside the Company's control. The Company is committed to a program of environmental protection at all of its projects and exploration sites.

Calculation of Reserves and Metal Recovery

There is a degree of uncertainty attributable to the calculation of reserves, mineralized material, and corresponding grades being dedicated to future production. Until reserves or mineralized material are actually mined and processed, the quantity of reserves or mineralized material and grades must be considered as estimates only. In addition, the quantity of reserves or mineralized material may vary depending on metal prices. Any material change in the quantity of reserves, ore grade or stripping ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in large tests under on-site conditions or during production.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key personnel the loss of any one of whom could have an adverse effect on the Company. In addition, while certain of the Company's officers and directors have experience in the exploration and operation of gold producing properties, the Company will remain dependent upon contractors and third parties in the performance of its exploration and possible development activities. As such there can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

Title Matters

No assurance can be given that the various governments will not significantly alter the conditions of or revoke the applicable exploration or mining authorizations or that such exploration and mining authorizations will not be challenged or impugned by third parties. In addition, there can be no

assurance that the properties in which the Company has an interest are not subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects.

The Ghana mining law entitles the Republic of Ghana to a free 10% carried equity interest in all mineral properties in Ghana. Pursuant to the Ghana Mining Law, the Republic of Ghana also has an option to acquire, on terms as shall be agreed upon between the holder of the mining lease and the government of Ghana or, failing such agreement, as determined by arbitration, an additional 20% interest in any mineral properties. To the knowledge of the Company, this purchase option has never been exercised. There can be no assurance that the government of Ghana will not decide to exercise this right in the future or that the price at which such option would be exercised would reflect the then current value of the property concerned.

Repatriation of Capital and Distribution of Earnings

Currently there are no significant restrictions on the repatriation of capital and distribution of earnings from Ghana to foreign entities. There can be no assurance, however, that restrictions on repatriation of capital or distributions of earnings from Ghana will not be imposed in the future.

Tax

Amendments to current taxation laws and regulations that alter tax rates and/or capital allowances could have a material adverse impact on the Company. The Company has a number of subsidiaries and related companies that operate in a number of different tax jurisdictions. At present, profits from the Company would most likely be generated in Africa and will be susceptible to taxation in that jurisdiction, as well as the Isle of Man and Canada.

Legal Proceedings

To the best of the knowledge of management and the Directors of the Company, the Company knows of no material, active or pending, legal proceedings against them, nor is the Company involved as a plaintiff in any material proceeding or pending litigation.

To the best of the knowledge of management and the Directors of the Company, the Company knows of no active or pending proceedings against anyone that might materially adversely affect an interest of the Company.

ITEM 6: DIVIDEND

The Company does not ordinarily pay dividends. In 2004, the Company, as a result of its sale of a property to a third party, paid a one-time dividend of Cdn$0.10 per share.

ITEM 7: DESCRIPTION OF CAPITAL STRUCTURE

Share capital is described in the Management Information circular and in the Annual Report for 2004.

ITEM 8 MARKET FOR SECURITIES

The common shares of the Company are listed on the Toronto Stock Exchange under the symbol “MOY”.

ITEM 9 ESCROWED SHARES

There are no escrowed shares.

ITEM 10: DIRECTORS AND OFFICERS

The following table and the notes thereto set out the name and municipality of residence of each director and officer of the Company, his or her current position and office with the Company, his or her principal occupations during the past five years, the date on which he was first elected a director of the Company (as applicable), and the approximate number of common shares of the Company beneficially owned directly or indirectly or over which he or she exercises control or direction:

Name, and Municipality of Residence	**Present Principal Occupation(s)**	**Director Since**	**Shares of the Corporation Beneficially Owned, Controlled or Directed[1]**
Sylvester P. Boland[2][3] Dublin, Ireland	Chartered accountant, retired; corporate director; formerly a mining executive.	December 9, 1998	Nil
Albert C. Gourley[4] London, England	Partner of Fasken Martineau DuMoulin LLP, Barristers & Solicitors[5] .	December 9, 1998	Nil
Richard Linnell Gauteng, South Africa	Mining consultant.	Proposed for election	Nil
Victor J.E. Jones [2][3] [4] Pender Is, British Columbia	Management consultant.	January 6, 1983	503

Name, and Municipality of Residence	Present Principal Occupation(s)	Director Since	Shares of the Corporation Beneficially Owned, Controlled or Directed[1]
Brian P. Kiernan Dublin, Ireland	Chief Executive Officer of the Corporation[6] .	December 9, 1998	10,392,600[8]
Noel P. Kiernan Dublin, Ireland	Chairman of the Board of the Corporation[7] and Chairman of the Board of Pontil Minerex Limited (a drilling company).	December 9, 1998	4,760
Michael E. Power Toronto, Ontario	Vice President and Secretary of the Corporation.	December 9, 1998	100,000
J. Joseph Breen Chief Operating Officer Cushendall, Northern Ireland	Chief Operating Officer of the Company (December 1998 to present) and its subsidiary, Moydow (Isle of Man) (1996 to present); also a geological consultant	Not applicable	Nil
Rosemary G. O'Mongain Chief Financial Officer Dublin, Ireland	Chief Financial Officer of the Company (December 1998 to present) and its subsidiary, Moydow (Isle of Man) (1995 to present); formerly a tax and audit consultant	Not applicable	20,000

(1) The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective proposed directors individually.

(2) Member of the Audit Committee of the Corporation.

(3) Member of the Compensation Committee of the Corporation.

(4) Member of the Corporate Governance Committee of the Corporation.

(5) Fasken Martineau DuMoulin LLP acts as counsel to the Corporation.

(6) Brian P. Kiernan is also Chief Executive Officer and a director of the Corporation’s wholly-owned subsidiaries, Haddington Limited (Isle of Man), Shankill Resources Limited (Isle of Man) and Shankill Resources Limited (Ghana).

(7) Noel P. Kiernan is also Chairman of the Board and a director of the Corporation’s wholly-owned subsidiaries, Haddington Limited (Isle of Man), Shankill Resources Limited (Isle of Man) and Shankill Resources Limited (Ghana).

(8) See “Voting Securities and Principal Holders Thereof”.

Each director holds office until the close of the first annual meeting of shareholders of the Company following his election

unless his office is earlier vacated in accordance with the by-laws of the Company.

ITEM 11: PROMOTERS

This section is not applicable.

ITEM 12: LEGAL PROCEEDINGS

To the best of the knowledge of the directors and officers, there are no legal proceedings to which the Company is a party.

ITEM 13: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described below, no insider of the Corporation, as defined in the *Securities Act* (Ontario), or associate or affiliate of any such insider, has any material interest in any transaction completed since the commencement of the Corporation's financial year ended December 31, 2004 or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

Noel P. Kiernan is the controlling shareholder of Minerex Limited, which provides certain management, administrative, financial, technical and other support services to the Corporation. All contracts entered into with Minerex Limited have been at commercially competitive rates. The Corporation was charged for these services a total of $492,880 during 2004 (2003 - $263,326).

Item 14: TRANSFER AGENT AND REGISTER

The Transfer Agent and Register of the Company is: Computershare, 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1.

Item 15: MATERIAL CONTRACTS

Other than as indicated in ITEM 13, the Company is not party to any Material Contracts outside the ordinary course of business.

Item 16: INTERESTS OF EXPERTS

There are on interests held by outside consultants.

Item 17: AUDIT COMMITTEE

The **Audit Committee**, with duties outlined below, is comprised of three unrelated directors. There is currently a vacancy arising from the resignation of one of the directors who will be replaced by the recently appointed new director. The committee is responsible for all matters related to the preparation, reporting and auditing of the financial performance of the Corporation both internally and to its shareholders. Included as its principal concerns and responsibilities the Audit Committee is required to:

1. To satisfy itself that the Corporation's annual financial statements are fairly presented in accordance with generally accepted accounting principles consistent with the Corporation's international operations; to review the annual financial statements with the auditors for the Corporation; and to make recommendations to the board on the presentation and approval of the annual financial report to the shareholders and the report of the auditors contained therein.

2. To ensure that any information contained in the Corporation's financial publications such as a prospectus, the annual information form and the management's discussion of financial condition and results of operations which accompanies the financial statements, is correct and complete.

3. To review the unaudited quarterly financial statements with management and if appropriate, the external auditors, and to approve on behalf of the board the information in the unaudited quarterly financial statements prior to publication.

4. To ensure that the external audit function has been effectively carried out and that any matter which the external auditors wish to bring to the board's attention has been addressed. The Committee will also recommend to the board the appointment of the external auditors and their remuneration.

5. To review significant income tax planning initiatives to be implemented by management.

External Auditor Service Fees:

The aggregate fees billed to the Company by the Company's external auditors in each of the last two fiscal years for

(i) Audit services

(ii) Assurance and related services by the external auditor that are reasonably related to the performance od the audit or review of the Company's

financial statements and that are not included in the Audit Fees (Audit-Related Fees)

(iii) Professional services rendered by the Company's external auditor for tax compliance, tax advice, and tax planning (Tax Fees)

(iv) Products and services provided by the company's external auditor, other than Audit Fees, Audit-Related Fees and Tax Fees (All Other Fees): Canadian Dollars.

Year Ended	Audit Fees	Audit-Related Fees	Tax Fees $143,427	All Other Fees
Dec 31, 2004	$40,610	Nil	$26,915	Nil
Dec 31, 2003	$55,955	nil		Nil

Item 18: ADDITIONAL INFORMATION

Additional information with respect to the Company, including directors' and officers' remuneration and indebtedness, principal holders of securities of the Company, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Management Information Circular of the Company.

Additional financial information is provided in the comparative consolidated financial statements of the Company contained in the Consolidated Financial Statements for the Twelve Months Ended December 31, 2004 and is incorporated herein by reference.

The Company will provide a copy of the said documents, this Annual Information Form, and any documents incorporated herein by reference to any person upon request to the Secretary of the Company.

All dollar amounts herein are presented in United States dollars unless otherwise indicated.

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